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NEWS SUMMARY

GENERAL

Games TV blackout threat

European Broadcasting Union officials had talks with Olympic authorities in Moscow after threats of a television blackout of the Games.

Temper flared after troops sealed the Lenin Stadium and stopped Western TV crews from covering a rehearsal of the opening ceremony.

The Russians say they will supply a recording of the rehearsal to the networks. But technicians had wanted to perfect their own arrangements.

Six British servicemen competing have been sent Ministry of Defence telegrams banning them from talking to the Press.

Palestine talks

The United Nations General Assembly will begin an emergency debate on the Palestine question on Tuesday. In the women's conference in Copenhagen, the PLO led a walk-out, of about 20 delegates, in protest against Camp David agreement.

Mugabe seeks aid

Zimbabwe Premier Robert Mugabe is negotiating with Yugoslavia and Romania aid. Page 3

Car tax plan

Government plans to alter a law, so that all cars, even those not in use, will have to be taxed. It is estimated that evasion costs £75m a year. Page 3

Civil shortage

Civil Service has not been able to attract enough accountants, computer staff, engineers and surveyors, says a report on 79. Page 7

Lying home

Richard Queen, released hostage from the U.S. embassy in Iran, who is suffering from multiple sclerosis, will be flown from Wiesbaden to Washington today.

Handshake query

Richard Balfie is to ask why Mr. Roy Jenkins, President of the EEC, is to receive a £50,000 gratuity on leaving office at the year's end.

His dying wish

Two years ago, a soldier dying from terrorist bullets in Ulster, said: "If I don't make it, make sure Anne gets my stuff." Yesterday a High Court judge ruled that his nurse fiancée should inherit his belongings and £3,000 death grant.

Bridge completed

The Humber Bridge was completed yesterday, after nine years' work. The cost, at February prices, is £77.1m, plus loan charges of £49m. It will open in January.

Favourites lead

Two of the favourites for the British Open golf championship, Americans Tom Watson and Lee Trevino, shared the lead at Muirfield with first-round 68s. Page 9

Briefly . . .

Banana ship captain and its owners were each fined £1,500 at Southampton for causing a six-mile North Sea oil slick. British Airport Authority is to apply formally next week to develop Stansted as London's third airport. Page 7
India plans to treble its nuclear power capacity in 12 years. A teenager died near Barmouth, N. Wales, when a wall of a 12 ft sand pit he dug with three friends caved in.
Chicago police arrested 46 in a round-up of drug dealers.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Treas. 12pc 1983	£83.1	Allstate Explor.	35
Treas. 10pc 1982	£83.1	Esperance Minerals	35
Anglo Metropolitan	75	Grecovala Mining	28
Bestobell	315	Intol. Mining	45
Cater Rydes	49	Poseidon	250
Dorington	102	Straits Oil	150
Electrocompcoats	654	Western Mining	259
Gerrard and Natl.	288	Assed. Newspapers	23
Gough Cooper	75	British Sugar	238
Laird (L) A	61	Courtaulds	76
Linford	160	Ferguson Ind.	72
Lon. & Prov. Shop	370	Forward Tech.	116
Mallinson-Denny	62	Haslemere Estates	35
Manson Finance	49	Hollis Brothers	39
Pennine Commercial	132	ICI	374
Petbow	49	Louisa	110
Royal Works	255	Midland Bank	368
Syllstone	197	Mitale and Lytle	148
Unit Discount	500	Unitate	132
Westland	115	Weir Group	32

BUSINESS

Pound firmer; equities unsettled

STERLING rose 35 points to 22,3810 (\$2,3725) after falling to 22,3705 in the morning. Its trade-weighted index was unchanged at 74.5. Page 32

DOLLAR closed at DM1,7360 (DM1,7435). Its index fell to 82.8 (83.0). Page 32

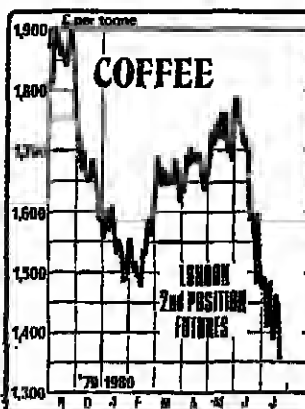
GOLD was unchanged at \$225.5 in London, but showed a weaker trend during the day. Page 32

GLITS maintained a strong tone and the FT Government Securities Index gained 0.27 to 71.98. Page 38

EQUITIES were unsettled by the Courtaulds statement and the absence of a further cut in MLR. The FT industrial ordinary share index closed 6.2 down at 496.9. Page 38

WALL STREET was up 5.80 to 910.24 before the close. Page 33

COFFEE prices fell to new 16-month lows on the London robonsta futures market. The



September position closed £28.50 down at £1,352.50 a tonne. Page 37

EUROPEAN chemical companies are being squeezed by a sudden drop of up to 17 per cent in the prices they can obtain for their petrochemicals and plastics. Back Page

LONGRO, the international trading conglomerate, is raising £35m from its shareholders through a rights issue. The group will use part of the proceeds to develop new North Sea oil interests. Back Page; company results, Page 24 and Lex, Back Page

RACAL ELECTRONICS completed its disposal of Decca's record division with the sale of its record manufacturing plant to London Print and Design.

CENTRAL ELECTRICITY Generating Board was given Government approval to invest £200m on a 2,000 MW cross-channel power link. Page 7

GOVERNMENT may introduce next year longer-term provision to help companies overcome liquidity problems arising from the drawback of stock relief. Parliament Page 10

UNIT TRUSTS in June had their best month for new business since last August, with sales of new units amounting to £82.9m. Page 8

ROSSMINSTER GROUP, the tax counselling business whose offices were raided by the Inland Revenue a year ago, has had its latest accounts heavily qualified by auditors Coopers and Lybrand. Page 8

COMPANIES

DISTILLERS CO. raised its pre-tax profits for the year ended March 30 by £13.3m to £189.9m, following a strong second-half recovery. Page 24 and Lex, Back Page

GREAT UNIVERSAL Stores finished the year to March 31 with pre-tax profits of £17.3m higher at £172.75m. This followed a first-half rise of £10.18m to £76.5m. Page 26 and Lex, Back Page

Walls quits amid continued rivalry in Zimbabwe army

BY OUR SALISBURY CORRESPONDENT

GENERAL Peter Walls is to leave his post as head of Zimbabwe's joint military high command, after failing to make headway in integrating the armies that fought the Rhodesian guerrilla war.

A Government statement here last night said Gen. Walls was going on five months' leave, pending retirement. No reason was given and no successor was named.

The general's decision is likely to create alarm in the white community and could accelerate the exodus of whites. About 1,000 white people a month are already leaving Zimbabwe.

There was speculation here last night that a British officer might be asked to take up Gen. Walls' position but the Foreign Office in London said no approach had been made.

Gen. Walls has found the attempted integration of the two guerrilla armies—Prime Minister Robert Mugabe's ZANLA and Mr. Joshua Nkomo's ZIPRA forces—with the former Rhodesian army extremely difficult.

Relations between the two nationalist parties and guerrilla groups have been deteriorating rapidly, and Gen. Walls was seen as a relatively neutral arbiter between them. His departure will increase the danger of a split in the Zimbabwe coalition government, unless Mr. Mugabe can find an equally neutral figure to replace him.

General Sir Erwin Bramall, the British Chief of General Staff, arrives in Zimbabwe next week to review progress of the military integration. His visit has been planned for some time.

Given the deep-seated and mutual suspicion between the two guerrilla forces and the virtual collapse of white morale in the former Rhodesian units a decision to appoint a military leader from one of the guerrilla groups would be political dynamite, especially in light of recent public friction between Mr. Nkomo and senior Mugabe cabinet ministers.

Commander Rex Nkhomo, head of Mr. Mugabe's ZANLA guerrillas clearly wants the job and would be the logical person for it.

But his appointment would be unpopular with Mr. Nkomo's guerrillas and the 220,000 whites. Gen. Walls, formerly commander of combined operations in Rhodesia's seven-year guerrilla war, was a surprise appointment as head of the joint command that embraced his former guerrilla enemies.

It was announced just before independence celebrations in mid-April that the general would take charge of the process of military integration to establish, with the aid of British military advisers, a new Zimbabwean army.

Gen. Walls was expected to stay until at least the end of this year when the integration process was scheduled to be completed.

It was announced yesterday that Mr. Robert Mugabe had appointed a nine-man Cabinet committee, headed by one of Mr. Nkomo's ministers, Mr. Clement Muchachisi, the Minister of Public Works, to investigate the problems faced in establishing the new army.

Mr. Mugabe has also asked Britain to increase the number of its military personnel training the new army from 57 to 130.

In an official statement last night, it was revealed that the General had asked Mr. Mugabe to release him some six weeks ago.

The statement, issued by the Ministry of Defence, said: "Now that the stage has been reached where it was possible to form battalions of the national army at the rate of one every two weeks the Prime Minister is satisfied that Gen. Walls may be released to go on leave pending retirement."

Mugabe seeks Eastern aid, Page 3

do all they can to exploit it. Mr. Carter actually called Mr. Reagan in Detroit yesterday morning to challenge him formally to debate in the campaign. Mr. Reagan accepted.

Choice of Mr. Bush has not gone down well with the Republican Right, even had he already emerged as the preferred candidate of the party's mainstream.

Yesterday afternoon it was still not clear whether ultra-conservative Senator Jesse Helms of North Carolina would go so far as to mount a symbolic challenge to Mr. Bush by placing his own name in nomination for the Vice Presidency when the convention was due officially to endorse Mr. Reagan's running mate later in the day.

"Dream ticket" that never was, Page 4
Reagan's surprise, Page 23

Reagan chooses Bush after Ford talks fail

BY JUREK MARTIN AND REGINALD DALE IN DETROIT

AFTER A night of drama in which former President Ford resisted prolonged attempts to lure him on to the Republican ticket, Mr. Ronald Reagan insisted yesterday that he was choosing Mr. George Bush as his running mate. He had not settled for second best.

Within minutes of the collapse of the negotiations with Mr. Ford, Mr. Reagan made an unprecedented post-midnight appearance to an expectant convention to announce his choice of Mr. Bush.

Last night Mr. Reagan was obliged to work hard to defend his decision. The Reagan camp is only too aware that it faces two potentially serious problems after what looked like rather heavy-handed funneling of the choice of a Vice-Presidential candidate, the single most important issue of the 1980 Republican convention.

The first will be to dispel any doubt the incident may have cast on Mr. Reagan's leadership qualities. The second to establish that Mr. Bush is not simply a "second choice" candidate.

Mr. Reagan insisted at his first Press conference as official Republican nominee that the possibility of inducing a former President to serve as Number Two was "so unique that it was wrong to speak of first or second choices."

Mr. Bush also dismissed the "second choice" issue as irrelevant. "He wants me on his ticket and that is all I am concerned about," he said.

Even before this, Mr. Robert Strauss, President Carter's campaign manager, had somewhat patronisingly referred to the episode as a "mess."

The Democrats will clearly

Japanese first half deficit £4.39bn

By Charles Smith, Far East Editor in Tokyo

JAPAN ran a \$10.4bn (£4.39bn) deficit on its external current account in the first six months of this year, according to figures published yesterday by the Ministry of Finance.

The deficit, caused almost entirely by higher oil prices, is by far the largest in Japan's history and exceeds the \$8.75bn deficit for the whole of last year.

Japan's imports in the six months to June rose by 40 per cent to \$61.68bn, while exports were up only 22 per cent to \$57.7bn. The resulting trade deficit of \$3.96bn combined with a deficit of \$6.48bn on invisible transactions to produce the overall deficit.

The startling increase in the value of imports masks an actual decline in import volume in some recent months. The volume of exports on the other hand has been growing rapidly as Japan has sought to cover its oil import costs by increasing its earnings from overseas markets.

Although the payments figures for the first half of the year look spectacularly bad, an analysis of the figures on a quarterly (instead of a half-yearly) basis suggests Japan may have begun to turn the corner. A seasonally adjusted current account deficit of \$4.28bn in the final three months of last year was followed by a peak deficit of \$5.09bn in the first three months this year, after which the gap diminished to \$4.39bn in the second quarter.

The deficit is expected to shrink further this year as the volume of Japan's imports continues to diminish.

Although Japan was in overall visible trade deficit during the first half of this year, its bilateral surpluses with the U.S. and, even more, the EEC, grew sharply.

The resulting deficit of ¥889bn on the EEC's bilateral trade with Japan was 79 per cent larger than for the first half of 1979. The EEC deficit with Japan was larger, in yen terms, than the U.S. deficit and amounted to very nearly half of the value of Japanese exports.

The story is thus becoming a rerun of similar events in 1970 when a boardroom revolution temporarily removed Mr. Cadbury and Lord Lisburne, his deputy chairman, from their offices, as has happened this time. A shareholders' meeting restored the two men.

The Cadbury moves come after two days of backroom discussions and negotiations. An attempt was made to set up a private meeting between Mr. Cadbury and Lord Harris of Greenwich, the former Labour broadcasting minister, who was appointed chairman.

According to Mr. Cadbury, Lord Harris would not agree to a meeting until next week.

"I don't believe that any of Lord Harris's commitments could be as important as resolving this unfortunate state of affairs," said Mr. Cadbury. "To my mind, it was essential for us to meet no later than today."

Since Mr. Cadbury and his wife own 17.5 per cent of the voting shares and Lord Lisburne a further 5 per cent, they will have no problem in calling the meeting, which would have to be summoned within 21 days for a date no further than another 21 days away.

Westward is in the throes of defending its franchise area against counterattacks from two well-organised rival groups. Mr. Cadbury was confident the company would win despite the conflicts.

He said he had not lobbied shareholders. Letters, telephone calls and telegrams had poured in offering support. He

Continued on Back Page

Bank lending boosts June money supply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BANK LENDING to the private sector, and public sector borrowing, remained strongly expansionary influences on the money supply last month.

The latest money supply figures published yesterday by the Bank of England, and the absence of any cut in minimum lending rate, were brushed aside by the City financial markets. Prices of long-dated gilt-edged stocks rose by a further 1 1/2.

The general expectation, both in the City and at Westminster, is still that MLR is likely to be cut in the next few weeks.

The latest figures highlight how the decision to cut MLR a fortnight ago was based much more on anticipation of a drop in the underlying demand for credit later in the year than on any firm evidence of this having occurred to date.

The official view is that the money supply is under control and that the deepening recession will result in a slower growth in bank lending later this year.

The latest figures show that, as expected, sterling M3, the broadly defined money supply, grew by 0.7 per cent last month.

Continued on Back Page

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Cadbury fights to hold board post

BY ARTHUR SANDLES

MR PETER CADBURY, who was dismissed as chairman of Westward Television on Monday, is forcing the company to call an extraordinary shareholders' meeting.

He claims to have support from shareholders owning more than half the voting stock to remove up to five directors.

The story is thus becoming a rerun of similar events in 1970 when a boardroom revolution temporarily removed Mr. Cadbury and Lord Lisburne, his deputy chairman, from their offices, as has happened this time. A shareholders' meeting restored the two men.

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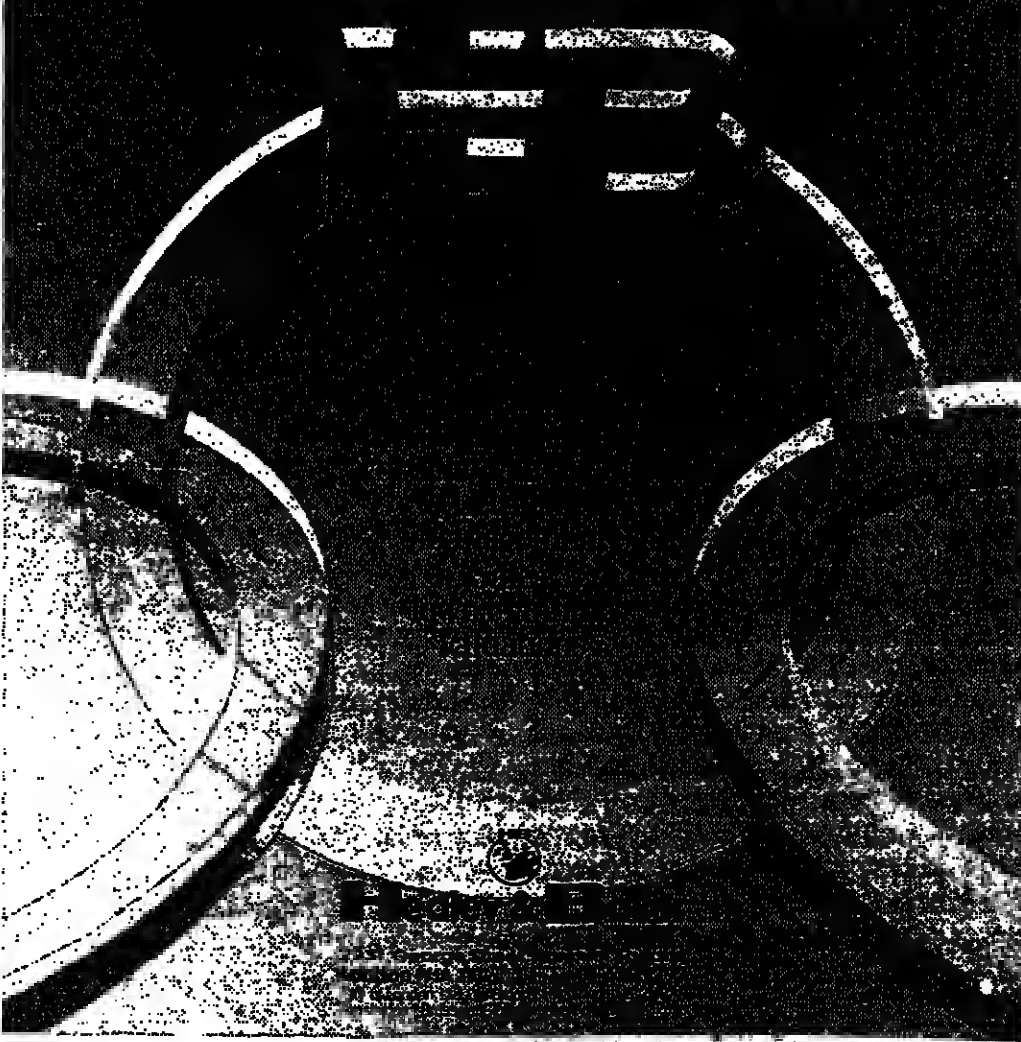
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EUROPEAN NEWS

Mitterrand gains on party rival in latest opinion poll

BY ROBERT MAUTHNER IN PARIS

THE FRENCH President, M. Giscard d'Estaing, would win comfortably if a presidential election, not due until next spring, were held now, according to the latest public opinion poll.

The poll, which assumes that M. Giscard would be fighting a straight contest with a Socialist in the second round of the election, shows that he would beat by several points either M. Francois Mitterrand, the Socialist party leader, or M. Michel Rocard, the latter's main party rival.

The most significant difference between this poll, taken last week, and the last held in May and June, is that M. Mitterrand appears to be narrowing the gap between himself and M. Rocard. The earlier poll found that a run-off between M. Giscard and M. Rocard would result in a near dead heat, while the President would

defeat M. Mitterrand by 54 per cent to 46 per cent of the popular vote.

The latest poll, however, shows that M. Giscard would beat M. Rocard by 53 against 48 per cent. The margin of his victory over M. Mitterrand would be reduced from eight points to six points, with the President obtaining 53 per cent and the Socialist leader 47 per cent.

Though the election is still eight months away, the poll throws a new light on the internal squabbles of the Socialist party, which is not due to choose its candidate until the end of the year. The majority of the party supporting M. Mitterrand has so far found itself in the painful position of backing a candidate whose following in the country has been much smaller than that of the more youthful and charismatic M. Rocard.

This has presented the party with the real dilemma, particularly since a personality clash between the two men has been compounded by a fundamental policy conflict between the left and right wings of the party, represented respectively by M. Mitterrand and M. Rocard.

However, if M. Mitterrand's standing in the opinion polls continues to improve his chances of being chosen as the party's official candidate will be greatly strengthened.

Another interesting result of the poll is the effect that the candidate of M. Michel Debre, the former Gaullist Prime Minister, has had on Gaullist voters. His support among Gaullists has risen from 18 per cent in May to 21 per cent this month. The percentage backing M. Jacques Chirac, the party leader, has dropped from 44 per cent to 40 per cent.

Payments deficit widens in Italy

By Rupert Cornwell in Rome

Italy's balance of payments plunged further into the red last month, as the central bank reported a provisional deficit of L7,833m (£397m). This brings the shortfall for the first six months to L4,285m (£216m), compared with a L1,341m (£68m) surplus a year ago.

The figures are particularly worrying since June is a month when the influx of foreign tourists normally ensures a balance of payments surplus.

However, the tourist industry this year has reported serious difficulties, in part due to the bad weather, but more probably as a consequence of the higher prices at popular resorts, and diminished competitiveness.

The figures provide a worrying background to the bitter parliamentary debate in progress over the Government's economic package launched at the start of the month.

So far the payments deficit has been financed mainly by an increase in the foreign indebtedness of the Italian banking system, which rose by L2,913m in the first six months of this year largely thanks to heavy foreign borrowings by public corporations and agencies.

Most forecasts now suggest that Italy will run in a current payments deficit of up to £2.1bn this year, about as large as the 1979 surplus. But Sig. Giorgio La Malfa, the Budget Minister, yesterday emphasised again that the Government was determined to bring the payments deficit down and defend the current parity of the lira.

MICRO-ELECTRONICS STRATEGY UNVEILED BY COMMISSION

EEC bid to make up lost ground

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday unveiled a broad strategy for developing an EEC micro-electronics industry capable of making up some of the ground already lost to the U.S. and Japan.

At the same time, it urged EEC member-governments to move quickly towards a genuine single market for telecommunications equipment by opening up their public purchasing policies, so that at least 10 per cent of their annual orders can be tendered for by producers in other Community countries.

The Commission's recommendations, both on micro-electronics and telecommunications, are in response to requests from the Nine for the development of possible EEC-wide strategies. Stressing the growing need for urgent action in both sectors, the Commission is seeking final decision on its recommendations from the

Council of Ministers by December.

After discussions with EEC producers, the Commission has concluded that the micro-electronics sector will need about £60m of financial help over the next four years if it is to have any chance of doubling its share of world integrated circuit production from 6 to 12 per cent. Perhaps half of this sum could be supplied out of the Community budget, says the report.

Even if this expansion is achieved by 1984-85, the Commission's report points out that the EEC's market share would be less than half its current consumption of 25 per cent of world production. Nevertheless, the industry's turnover would be boosted by \$2.5bn-\$3bn, while sales of manufacturing equipment for integrated circuits could reach \$1bn in five years' time.

The Commission stresses the

damaging implications for technological progress of dependence on outside suppliers. It criticises the national initiatives taken by France, Italy, West Germany and Britain as being nothing more than a palliative. EEC producers are unanimous in believing that if they are to remain competitive in micro-electronics then they must be given the development, production and application of the components of tomorrow, including those smaller than one micron—says the report.

The Commission bases its strategy on:

- Co-ordinated national programmes through the creation of a Community information bank. National aid projects would have to be co-ordinated at Community level.
- A study of the opportunities for developing the role of computers in the design testing of micro-electronics. The necessary research and development

should be centred in universities and specialised institutes up to half of whose costs could be met from public funds. However, the studies should be supported by a sufficient number of companies spread across member states and their results distributed.

Development of a manufacturing equipment industry for micro-electronics is the most urgent of its recommendations, says the Commission.

On telecommunications, the Commission says a compatible system must be developed so that it can be linked in the same way as the telephone. There is an urgent need for a harmonisation programme for the creation of an EEC-wide market for video terminals, the first steps towards opening up national procurement policies and the creation of a liaison committee to ensure the achievement of these recommendations.

Ireland's trade gap narrows

By Stewart Dalby in Dublin

IRELAND'S LATEST trade figures suggest that the tight fiscal and monetary policies of the Irish Government and central bank are beginning to bite. June's visible trade gap closed to Ir£32m (£47m) from Ir£147m (£133m) a month earlier, bringing the six-months' deficit to Ir£784.4m compared to Ir£788.7m a year earlier—a fall of 3 per cent.

While exports were virtually static in June, imports fell to Ir£865m, down Ir£17m, to make the smallest trade gap for 18 months. The imports decline was due mainly to fewer purchases of consumer durables although less machinery and other capital goods were imported also.

While trade officials are encouraged that exports are holding their own, the visible trade deficit by the end of the year seems unlikely to be much different from the 1979 level.

Last year the visible trade gap was Ir£1.3bn. After invisible exports (mostly tourism), this translated into a balance of payments deficit of Ir£740m.

A deficit of this magnitude is unsustainable since it means the Government either has to draw on its slender reserves or borrow abroad if its newly independent currency is not to come under pressure.

Meanwhile, Ireland has received an Ir£10m loan from the European Investment Bank. A "global" loan, it will be made available to the country's Industrial Credit Company for lending to small and medium scale ventures throughout the country.

The loan is in a mix of European currencies and the Irish Government has guaranteed any exchange losses which could arise through the depreciation of the punt. It is for 10 years at around 3 per cent.

Settlement near to end Athens printing strike

BY OUR ATHENS CORRESPONDENT

A THREE-WEEK dispute between the Union of Athens Publishers and the 600-member Athens Printers Union over the introduction of modern printing techniques appears close to settlement.

The dispute has shut all but two of the 12 national dailies since June 25.

The exception, the communist dailies Avgli and Rizospastis, declared their agreement with the printers' three basic demands: negotiated terms safeguarding their jobs after introduction of the new printing

techniques, increased social security payments, and reinstatement of dismissed colleagues.

The conflict began when the Daily Press printers went on strike in solidarity with 23 colleagues laid off from a magazine publication group which introduced the new techniques. The publishers then declared a lockout.

The two sides now appear close to agreement to delay introducing the new methods for four years.

SOVIET CIVIL AVIATION

Accidents, delays and overweight engines

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE CRASH with heavy loss of life of a Soviet TU-154 tri-jet on a flight from the Kazakh capital of Alma Ata to the Chinese last week highlights serious problems in Soviet civil aviation. It closely follows the crash of a Polish Airlines IL-61 jetliner which stalled on the approach to Warsaw Airport in March killing all passengers and crew and that of a YAK-40 aircraft in Central Asia last month.

According to Western informants in Moscow, 163 people were killed in this latest disaster which would make it the worst known Soviet air disaster since last August when two TU-134 airliners collided over the Ukraine killing all 173 people aboard.

The IL-62, TU-154 and TU-134 aircraft are the mainstays of the Aeroflot fleet and carried 80 per cent of the 100m passengers flown by Aeroflot last year. These aircraft are also down by most East European airlines

and are earmarked to carry the bulk of the passengers to and from the Olympics. Originally, Aeroflot hoped to take delivery of two brand new aircraft types in time for the games. These are the 400-seat YAK-42 intermediate range tri-jet. They were due to enter into regular service on June 1, but have been delayed until later this year.

According to Western aviation experts, part of the reason is the major strain placed on the civil aircraft industry by an urgent investigation of metal fatigue and other problems which have been discovered in the IL-62. This was ordered after a Polish Airlines IL-62 crash.

The investigation turned up several cases of metal fatigue in the engines of other IL-62 aircraft.

The IL-62 is a pirated version of the British VC-10, but

equipped with Soviet engines. These are both heavier and thirstier than the Rolls-Royce engines used on the VC-10. The weight of the tail engines, obliged the aircraft's designers to incorporate a special rear wheel. This is dropped when the aircraft is parked to keep it upright without undue strain.

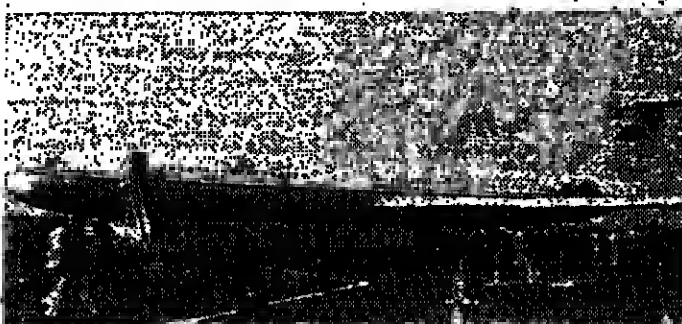
Overweight, underpowered and inefficient, engines are a major weakness of Soviet civil aviation. This is partly because priority has been given to the development of highly rated jet and rocket engines for military use. This clearly has helped make the present generation of jet passenger aircraft less economical. It has also proved a hindrance in the development of the Soviet airbus.

The Airbus engines generate only 28,000 lbs of thrust, compared to around 45,000 lbs each for the U.S. engines powering the European Airbus and 55,000 lbs and more for the

engines that power jumbo jets. Soviet airline planners have thus been obliged to scale down the passenger capacity of the airbus to around 350 and to reduce its planned operational range to well under the 3,000-mile maximum. The airbus must also fly at below the theoretical maximum speed of 600 mph to save fuel.

The YAK-42, an expanded version of the highly successful but smaller YAK-40, was also scheduled to be in full service by now. It is being built by the Yakovlev aircraft plant at Saratov, south-west of Moscow, which specialises in the production of rugged, short take-off aircraft for the rough, non-paved runways of most of the Soviet Union's provincial airfields.

The YAK-42 has been heavily re-designed and equipped with new fuel-efficient engines which Aviaexport, the Soviet aircraft export corporation, claims are 95 per cent fuel-efficient and



The IL-62, the Soviet copy of the VC-10.

will fly the aircraft at a lower cost than the engines on the 33-seat YAK-40.

The YAK-40, whose production has been stopped to make way for the YAK-42, was one of the few Soviet aircraft to attract attention and sales in the West. Last December, a Washington aircraft consultancy firm, ICX-Aviation, signed a contract with Aviaexport and other Soviet bodies for the purchase of the YAK-40 assembly line and related documentation. ICX market research revealed a potential market for up to 1,800 of these aircraft worldwide in the next 20 years on short-range feeder routes. The whole deal depended on around \$25m of U.S. federal and state funds

to help finance construction of the new assembly line at a plant in Wheatfield, New York. It is now in abeyance because of the U.S. embargo on trade after the Afghanistan invasion.

In the absence of the IL-86 airbus and YAK-42, and the apparent withdrawal of the much heralded super-jet Concorde for the 1980s, the TU-154 "Concordsk" — the only new generation Soviet aircraft to appear on schedule has been the new heavy jet freighter, the IL-76.

Its 40-ton carrying capacity has already proved its worth ferrying arms, men and heavy military equipment to support the Soviet build-up in Afghanistan.

ENERGY REVIEW

Sweden's nuclear industry still has a role to play

OF THE puzzles and paradoxes of the Swedish position on nuclear power, not least is that, after five years in which it was the all-pervading political issue for the ruling Centre Party, it has hardly been mentioned since the referendum on the subject last March. The politicians have agreed upon a moratorium for the nuclear debate, although the industry remains acutely aware how quickly it could fare up again.

In what shape have those fraught five years left Sweden's nuclear industry? The obvious question is whether there can be a future for an industry which, on the face of it, will build only two more nuclear stations at home. While the Swedish people, confronted with three candidates, chose the one least damaging to the nuclear industry, ostensibly they voted to abandon nuclear energy when the two plants just starting construction came to an end of their 25-year design life, about the year 2010.

Currently Sweden, with about 10,000 MW of nuclear electricity on-line or under construction, already obtains about 25 per cent of its electricity from this source.

The dominant component of Sweden's nuclear design and construction industry is ASEA-Atom, owned equally by the electrical engineering group ASEA and the Swedish Government. It has designed and built seven of the ten nuclear plants completed in Sweden, and started work on two more, to complete the approved programme of 12 stations. Westinghouse Electric built the other three stations.

ASEA-Atom achieved sales totalling £24.4m last year, compared with £18.3m in 1978. But profits dropped from £1.7m to £820,000. The cost of all nuclear plants under construction soared — the electricity supply industry says that it rose



by about £500m between 1976-1980 while the politicians argued whether or not they should be brought on-line. The Centre Party agreed that throughout the run-up to the referendum work should continue to avoid lay-offs in the industry. But it forbade the company to recruit any new staff. Not surprisingly, the company's own costs rose rapidly during this period. "It was very bad and very difficult for us," says Dr. Lars Leine, ASEA-Atom's technical director.

When the referendum gave the green light for two more 1,000 MW reactors, some of the major components were already nearing completion; for example, the pressure vessel, fabricated by the state-owned Uddecomb group, in the case of Oskarshamn 3, and the concrete containment in the case of Forsmark 2. No official instruction is to finish them with all dispatch. The company hopes to complete them almost simultaneously, in 1985-86. It is bringing in private civil engineering contractors with the specific purpose of speeding things up.

But what happens then? Because of the recession and revised forecasts for Swedish electricity demand, the electri-

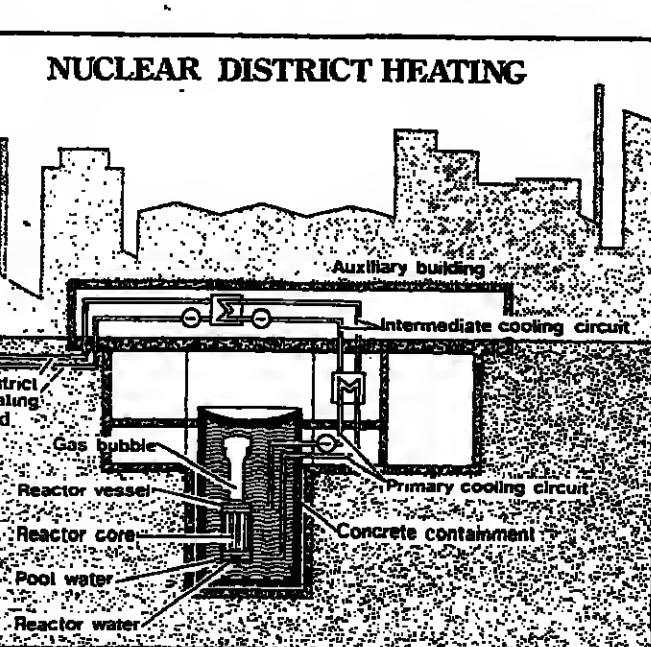
city supply companies believe that with the programme of 12 nuclear stations Sweden will have ample generating capacity for the 1990s.

Unlike Europe's two big nuclear reactor design and construction groups, Kraftwerk Union in West Germany and Framatome in France, ASEA-Atom has never invested heavily in manufacturing facilities. It originally licensed the boiling water reactor (BWR) design from U.S. General Electric, and under the direction of Dr. Leine, has put its energies into perfecting the engineering and adapting its safety mechanisms to Swedish standards.

Dr. Leine believes that the mainstay of ASEA-Atom's business must be fuel, where the company has invested heavily in manufacture. It has the capacity to make 400 tonnes of fuel a year. Sweden's 12 reactors, when completed, will need about 300 tonnes a year. "We are aiming at a very high share," says Dr. Leine. In pursuit of this goal it has recently exchanged licences for its own BWR fuel technology with Westinghouse, for its U.S. pressurised water reactor (PWR) fuel technology. Thus ASEA-Atom now has the technology to compete for fuel for all of Sweden's reactors.

Another fuel project in which it expects to participate is the construction of a large central store for spent nuclear fuel from all Swedish reactors, to be built as a co-operative project by the three nuclear electricity supply companies—AB Kraft, SvKraft AB and the State Power Board. The site chosen is at the Oskarshamn nuclear site.

These companies now export spent fuel in British Nuclear Fuels and Cnema in France, for storage at their reprocessing factories until their new plants for reprocessing spent oxide fuel are commissioned.



Sweden's SECURE reactor uses a gas bubble to provide intrinsic safety for a simple nuclear hot-water system for district heating.

The spent fuel store plan is a £100m project to hold 3,000 tonnes of fuel—ten years of operation. Precisely what role his company will play is still undecided, says Dr. Leine. He expects a good share of the work in designing and managing this project for a "plutonium mine" for the Swedish Nuclear Fuel Supply Company (SKBF), on behalf of the three nuclear utilities.

One possibility is that the politicians may wish to forgo for ever any idea of reprocessing spent fuel and reclaiming the unburnt uranium and plutonium. Political pressure for such a course of action was sufficiently intense in the late-1970s to induce ASEA itself to develop a highly original technique for encapsulating the spent fuel in artificial rock, for permanent storage.

ASEA's process makes use of the technology it originally developed to make artificial diamond, using a high-pressure press of its own design. Its central research laboratories have spent upwards of £2m—mostly ASEA's own money—developing a capsule of synthetic corundum (aluminium) in which nearly 150 fuel pins from light water reactor fuel assemblies can be sealed. The capsule of artificial rock is over 2.5 metres long and weighs 1,600 kg. Once its lid has been fused on, the fuel is effectively sealed inside a canister of rock 10cm thick. ASEA's high-pressure research laboratories at Roberfors have even demonstrated the technique on radio-active material, as part of the effort to convince sceptics that spent fuel can be permanently encapsulated in this way. "We have a process

we know will work," claims Dr. Per Hedvall, ASEA's director of research. "But we know it will not be used for another 15-20 years." The spent fuel would first be allowed to "cool" radioactively, to avoid excessive build-up of heat inside the capsule.

Indeed, ASEA researchers are resigned to the fact that their technology may well never be used, simply because it would make access to the fuel as expensive as to undermine the economic value of the residual uranium and plutonium it contained. To open the capsules again would require the energy of a diamond saw or a laser.

The call for a ban on all Swedish exports of nuclear reactors and associated technology, on the grounds that it increased the risk of nuclear weapon proliferation, was rejected by the Swedish public last March in the referendum. It leaves ASEA-Atom and its component suppliers such as Uddecomb free to sell overseas within the rules agreed by the nuclear exporting nations in the late-1970s.

ASEA-Atom has already exported two 600 MW reactors to Finland. With Russia, Finland's alternative reactor supplier, unable to meet the demands of the Comecon countries, the company sees an opportunity to sell Finland another: but not yet. The Finns, so far, have not yet ordered a reactor into operation, are not pressed to order the fifth.

Mr. Fredrik Segerberg, marketing manager of ASEA-Atom, sees brighter prospects in Mexico, which wants to make a contract similar to the one pioneered by West Germany and Brazil for the transfer of nuclear technology. It has got as far as picking prospective collaborators for three different reactor types. ASEA-Atom is the one it has chosen for BWR technology. The Swedish Government has backed



Dr. Lars Leine sees fuel as the mainstay of ASEA-Atom's business.

the company's reference plan for a gradual transfer of nuclear manufacturing skills to Mexico. In Turkey, ASEA-Atom's proposal "came out No. 1 in the evaluation for the state power board's first nuclear plant," says Mr. Segerberg. His company was to supply the 600 MW reactors; and another ASEA subsidiary, Stat Laval, the turbo-generator.

Uddecomb, at Karlskrona, with the pressure vessels for Sweden's remaining nuclear projects well advanced, also has export orders for three more pressure vessels from West Germany. But it sees the handling, transport and storage of fuel as a new nuclear market. It has just received a French order for four 30-tonne casks for transporting spent fuel. The prospects for further orders for nuclear stations from the Swedish electricity utilities for the next few years are slight, not least because of the impact of the recession on electricity demand. With this in

mind ASEA and the government last year made a new consortium agreement for ASEA-Atom. This permits it to act as architect-engineer for non-nuclear projects such as fossil-fuelled stations, desalination plants and chemical process plant.

One way he believes the nuclear market could soon re-open for Sweden is for a reactor which he himself has had a big part in the design. This is ASEA-Atom's hot-water reactor, designed simply as a source of hot water for district heating. SECURE — the Safe and Environmentally Clean Urban Reactor — would produce 400 MW of heat at an outlet temperature of 110 degrees C and a pressure of only seven atmospheres. This would suffice for a community of 50,000.

It is an intrinsically safe and simple reactor, which uses a gas bubble deliberately to provide inherent safety, as the accompanying sketches illustrate. If the cooling water flow to the reactor core fails, or even falters, the bubble above the core is displaced, allowing a solution of boron to flood the core and immediately shut down the reactor. Dr. Leine's idea is that SECURE would be installed underground in a solid rock cavern, close to its heat load.

Dr. Sigvard Eldund, the eminent Swedish scientist at the head of the International Atomic Energy Agency in Vienna, criticised nuclear industry officials in Stockholm for neglecting the market potential of small reactors in their industrialised nations. Dr. Leine believes that Sweden could set the example by making SECURE its 13th reactor order.

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Sri Lanka—an IMF success story starts going wrong

SRI LANKA'S economic experiment is running into trouble. After ending the 1970s as one of the success stories of the International Monetary Fund and with two years of prosperity unparalleled in the decade, Sri Lanka is now one of those developing countries whose economic strategy is being knocked off course by a combination of rising oil prices, global recession and more restrictive Western aid policies.

The difficulties came to the surface during a fierce exchange at the recent annual meeting in Paris of the Aid to Sri Lanka Committee. Western donors pressed for a slowdown in Sri Lanka's five-year public investment programme, which is designed to extend infrastructure and transform the country into a trade and manufacturing centre to compete with Singapore.

The programme was always too ambitious. But Mr. Ronnie de Silva, the island's Finance Minister, exploded in anger at the scale of the cuts being pressed on him. He said that three years ago introduced "almost revolutionary changes" in conforming to IMF policies and had taken "hard and unpopular decisions" in cutting back welfare subsidies.

The Government is now faced with the choice of whether to accept the deflationary measures proposed or turn to the international banks for what Western donors term "expensive commercial financing".

A key factor in its decision is

that, though Sri Lanka has been politically quiet, it has a record of violence, trade union militancy and communist agitation that forced the former regime some eight years ago to call in foreign troops to suppress an armed insurgency on the island.

Recollections of this violence, and fears of renewed agitation if the Government fails to meet expectations of better living standards and more jobs, no doubt played a part in Wednesday's decision to impose a state of emergency to pre-empt a revival of trade union activity.

Sri Lanka is a test case of IMF realism. When President J. R. Jayawardene's United National Front Government took power in 1977, Sri Lanka had one of the most extensive welfare systems in Asia. But it was collapsing under the weight of a stagnant economy and over 1m unemployed in a population of 14m.

Under IMF auspices, his government opted for a policy of cutting back on welfare payments to finance higher levels of investment and hence more jobs, and of export-oriented growth. The economy's performance is being monitored under the IMF's extended fund programme which carries the toughest of the fund's conditions.

In Mr. Jayawardene's first two years, national output expanded at 7 per cent, or double the rate of the early 1970s, investment climbed as the private sector responded to a more

The state of emergency imposed by the Sri Lanka Government on Wednesday partly reflects fears that a failure to meet expectations for better living standards could lead to violence. David Housego, Asia Correspondent, reports on how the island's economic experiment is running into difficulties.



THE declaration of a state of emergency in Sri Lanka, as the Government moves to head off the threat of a general strike called by trade unions affiliated to the opposition parties, marks the first major confrontation between the Government and opposition since the United National Party, led by Mr. J. R. Jayawardene came to power in the 1977 election, writes Philip Bowring in Colombo.

The unions are demanding large pay increases and the restoration of food subsidies to offset price rises. The Government claims the strike threat is politically motivated and under the emergency

regulations, strikes in a wide range of services have been declared illegal and preparations made to use the armed forces to maintain essential services.

Behind the strike call is the Joint Trade Union Action Committee which unites unions linked to Sri Lanka's two main Marxist parties with those affiliated to the main opposition, the Sri Lanka Freedom Party of former Prime Minister, Mrs. Srimavo Bandaranaike.

The opposition parties, especially the Marxists, have been divided since 1977 but they now hope to unite under

the wage and price issue. They also hope to impede the economic policies of President Jayawardene. The government has been attempting to shift resources from welfare and consumption to capital investment.

The Government recently eliminated large subsidies on basic foods, causing very sharp price rises. Consumer prices are now some 35 per cent above the levels of a year ago. Wages for many in the private sector, and incomes of many peasants, have kept up or even surpassed price rises. But public sector employees have fallen badly behind.

in the programme, and where the Government is at loggerheads with the IMF and Western donors.

President Jayawardene's present goal is to compress into six years the giant 30-year plan for a multi-purpose hydropower and irrigation project on the Mahaveli River. But he also wants to emulate Singapore with high-rise apartments in central Colombo and a new administrative capital outside that smacks of megalomania.

His Government's difficulties have been compounded by the IMF's exaggerated idea of the resources available to it. The fund also, and understandably, failed to take account of the dramatic shift in the terms of trade last year. Also to blame are donor nations, including Britain, which committed funds to the Mahaveli project before feasibility studies had revealed its true cost and then left Sri Lanka to make up the difference, thus adding to the island's budgetary problems.

Sri Lanka will have no problem in raising funds in the international capital markets. Last year, it raised \$50m in a syndicated loan arranged through Manufacturers' Hanover on which it has not yet drawn. But commercial borrowings on the scale now needed to cover the shortfall in its present investment programme could carry the debt service ratio up from its present level of 10 per cent of foreign exchange earnings to a shattering 40 per cent by the end of this decade.

Students call off Cape class boycott

CAPE TOWN — A three-month-old boycott of schools in the Western Cape, mainly by coloured (mixed race) students, was called off yesterday, its leaders said.

The announcement followed a meeting of the "Committee of 81".

The committee said "the movement will be suspended as from July 17. During the suspension, we will actively campaign for the attainment of short-term demands at all the schools we represent".

The class boycott, which began last April, brought unrest and violence which culminated in three days of serious disturbances and at least 30 deaths in the Cape last month.

Mugabe looks to Eastern bloc for aid

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE'S Prime Minister, Mr. Robert Mugabe, has begun negotiations with China, Yugoslavia and Romania for aid, in local newspaper interview. Mr. Mugabe described Western assistance to Zimbabwe since independence in March, as "small" and said his Government was now being forced to turn to the Eastern bloc for help.

Some major Western companies were keen to invest he said, naming the Swedish SKF engineering group and Siemens, the West German electronics giant. He repeated his call for foreign investors to "identify" with Zimbabwe by allowing significant local shareholdings.

The government wanted foreign investors to retain some profits in Zimbabwe rather than

"taking them all out" but this would not be obligatory. He again spoke against nationalisation but said the State would take a direct interest in industry.

He forecast that the Government would take a substantial but not majority stake in some key industries and said that one international mining group had already offered the Government a stake in a venture. He supported workers' co-operatives and workers' committees which he described as "an extension of management".

In a separate development, the country's iron and steel producer, Risco, which is effectively State controlled, said it was prospecting for iron ore some ten miles from the steelworks

in the Zimbabwean midlands.

The existing iron ore reserves have a further estimated life of 13 years but the new find being assessed at Rhiple Creek, near Risco, would add a further 20 years' supply of iron ore reserves.

The iron and steel industry is a major exporter, with exports in 1979 valued at some £38m.

Two further potential private sector investments of considerable importance under consideration include the expansion of Wankie Colliery output for both export and for domestic consumption in the thermal power station being built at Wankie.

and market assessment of the country's tourist potential by three major world hotel chains—Hilton, Sheraton and Inter-

continental.

It was revealed this week that Wankie has been having talks with Citibank and also with the World Bank subsidiary, the International Finance Corporation, over the financing of mine expansion which will cost more than £70m.

Two locally listed companies, Delta Corporation and National Foods, this week announced major expansion plans costing an estimated £15m. In the food, beer, soft drinks and tourist sectors.

Disident nationalist guerrillas have killed two people, one of them a policeman, in north-western Zimbabwe amid mounting indications of discontent among the hush fighters, according to police yesterday.

Masire to succeed Seretse Khama

JOHANNESBURG—Botswana's ruling Democratic Party yesterday unanimously selected Vice-President Quett Masire to succeed the late Sir Seretse Khama as President.

Mr. Masire's selection assures his election as President because his party controls 29 of the 32 seats in the National Assembly.

Mr. Masire, who turns 55 next week, served as Finance Minister and general secretary of the Botswana Democratic Party as well as Vice-President under Sir Seretse.

The National Assembly meets today to formally elect a new President. His election is unlikely to result in any major changes in Botswana's internal or foreign policy, observers said.

Syria-PLO improve their ties with Moscow

BY HANAN HAJAZI IN BEIRUT

SYRIA AND the Palestine Liberation Organisation are embarking on new moves to strengthen their relations with the Soviet Union.

Mr. Yasser Arafat, Chairman of the PLO, flew to Moscow yesterday for talks with Soviet leaders and to attend the opening of the Olympics. In an address he delivered in Damascus on the eve of his departure he announced that the PLO had decided to mobilise Palestinian ranks in Lebanon in order to counter what he described as the "Phalange-Israeli conspiracy".

Political quarters said the vehemence of the speech was intended to draw Soviet attention what the PLO regards as the serious situation in Lebanon and Middle East as a whole.

There has been speculation, meanwhile, that Mr. Assad may now be prepared to sign a treaty of friendship and co-operation with the Kremlin.

A senior official in Damascus was quoted in Beirut's leftist As Saif on Thursday as saying that contacts are under way for a summit conference soon between President Hafez Assad and Soviet President Leonid Brezhnev.

Syria intends to upgrade the level of its collaboration with Moscow to ensure military assistance against Israel and to be in a better position to deal with Moslem brotherhood,

Volvo buys components from over 300 British manufacturers. To the tune of over £100 million in the current year. That makes Volvo Britain's motor component industry's biggest overseas customer.

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AMERICAN NEWS

Reginald Dale reports on five days of drama over the choice of Ronald Reagan's running-mate.

The Detroit 'dream ticket' that never was

WHEN Mr. Gerald Ford arrived in Detroit for the Republican convention last Sunday, he said quite categorically that he did not want to be Mr. Ronald Reagan's Vice-Presidential running-mate.

It was clear that he meant it. His wife, Betty, one of the most important influences in both his private and his public life, did not want him to run. He disagreed, as does Betty, with important planks in the party platform—particularly those concerning women's rights—and they both said so openly. But the main point he chose to stress was a fine one of constitutional propriety.

Mr. Ford and Mr. Reagan both live in California. The Constitution says that the President and the Vice-President cannot come from the same state. There were possible ways round this. Mr. Ford has a home in Vail, Colorado, to which he could have transferred his main base.

That sort of manoeuvre, however, Mr. Ford said, would be a "cheap political gimmick" to which he could not subscribe. He gave a nod and a wink in favour of Mr. George Bush, or Senator Howard Baker of New

hampshire as his preferred partner for Mr. Reagan. The message was clear: the Vice-Presidential candidate should be a moderate, but it should not be Gerald Ford.

For the next three days, Mr. Ford was to repeat this message over and over again. As the "draft Ford" movement gathered momentum, his supporters put it about that he was becoming increasingly irritated at the continuing pressure on him to change his mind. He would not admit it, but it obviously looked demeaning for a former President to be toying with the idea of serving as number two.

And yet, it would have been the "dream ticket." Mr. Ford's presidential experience would help to counter Mr. Carter's advantage of "incumbency." As a moderate, he would reassure all those who feared that under Mr. Reagan the party was heading to the far Right. Most importantly, it would also reassure the large number of people concerned about Mr. Reagan's age. Mr. Ford, at 67, may be only two years younger than Mr. Reagan. But he would at least have provided the prospect of a replacement of Presidential



The Chicago Sun-Times follows an unhappy precedent set in 1948, when another paper in the city proclaimed a Presidential victory for Governor Thomas Dewey—instead of Harry Truman.

calibre, should Mr. Reagan's health or mental powers fail. By Wednesday, such considerations were beginning to tell on Mr. Ford. On Monday, his birthday, he had given a much-acclaimed speech attacking President Carter, based on the yardstick of his own White House experience, that had made him the darling of the convention. The argument that it was his duty to party and country to serve again became increasingly difficult to resist. And so he was tempted. At the last minute, negotiations—mainly conducted through intermediaries—got under way between the 68th and 70th floors of Detroit's giddy Plaza Hotel. At 6:30 pm on Wednesday, Mr. Ford let the cat out of the bag in an interview with Walter Cronkite of the CBS television network. He would not feel his pride hurt to be number two, he said—he was

"big enough and self-assured enough" to take it.

But (and it was the "but") that was to determine the issue in the end) he would not be a figurehead or ceremonial Vice-President. He had to have what he called "responsible assurances" that he would play a meaningful role across the board in the basic and crucial and important decisions that have to be made in the four-year period.

If they were not already aware of them, it was this statement that alerted the Reagan forces to the full implications of a deal. Mr. Ford was making it clear that he wanted to be not Vice-President but co-President.

The precise details of Mr. Ford's demands are not yet clear. It is fairly generally accepted, however, that he was seeking a major voice in foreign and national security policies—and thus almost certainly a predominant role in a new Republican Administration for Dr. Henry Kissinger (although Dr. Kissinger denies this). He is also said to have insisted on a say in, and possibly even a veto over, the appointment of Mr. Reagan's White House staff. Late on Wednesday night,

reports were coming out of "an incredible hang-up" between the two men. At around 11.45 pm, they finally concluded that it was not just on Mr. Reagan insisted afterwards that this was Mr. Ford's decision, not his. Mr. Ford had at no stage said "yes," he had simply agreed to discuss possible ways of strengthening the Vice-Presidency in what was a unique situation.

At that point, the party faithful on the convention floor, tipped off by the media, were working themselves into a state of frenzy at the prospect of the "dream ticket" materialising. Mr. Bush, who thought he was seeing the nomination slipping from his grasp, was said to be in a state of "confusion." Thursday's newspapers were printing their first editions with "It's Ford" headlines.

Mr. Reagan decided he had to settle it there and then, before the Ford story ran too far and the failure to agree in the end looked even worse. He summarily called George Bush, who gave a quick undertaking to support the entire Republican platform, and at 12.15 am, in a major break with tradition,



Former President Gerald Ford and Mr. Ronald Reagan—the perfect Republican partnership that failed to materialise.

Mr. Reagan drove the few hundred yards down to the convention arena. But they had mutually decided that Mr. Ford would be of more value "campaigning his heart out" off the ticket. That was precisely where they had started four days earlier.

THE U.S. RECESSION

Industrial Midwest tightens its belt

BY MARALYN EDID IN CHICAGO

SHORTLY BEFORE the academic year ended, a graduate student at the University of Chicago's business school was offered a job to labour relations at the Cleveland factory of Gould, a Chicago-based manufacturer of industrial, electrical and electronic equipment. The only warning was that shaky economic conditions at the Cleveland division could mean he would have to move to another factory.

Three weeks later and two weeks before he was to report for work at Gould, the management trainee received a letter withdrawing the offer of employment because the deteriorating economy was forcing layoffs throughout the company. In early May, Gould had in fact frozen investment in its high-voltage electrical equipment, battery and housing-related operations after new orders had plunged without warning the month before.

Many companies in America's industrial heartland have been laying off workers for the past two months and otherwise adapting operations to a recession that has finally arrived. For their part, consumers who are short on jobs and disposable income, have cut back spending. The housing market here has been dormant since October, when interest rates took off after the Federal Reserve Board's dramatic decision to let the cost of money move with market forces.

In short, economic conditions

in the industrial Midwest are overcast.

Economists generally agree that the states of Illinois, Michigan, Ohio, Indiana and Wisconsin will suffer more than other areas during this recession, which could be the most severe since the Great Depression of the 1930s. Unemployment in Illinois, Ohio and Michigan already exceeds the national rate, which was 7.7 per cent in June. The situation will probably worsen until the motor, steel, rubber and home-building industries snap out of their current depression.

Because so much of the economy of the upper Midwest is tied to the manufacture of capital and durable goods, these states are especially vulnerable to national business cycles. These generate peaks and troughs here that are deeper and often precede those of the economy as a whole. A decline in demand for housing, cars, appliances, and other consumer durables leads to a drop in demand for steel, component parts, chemicals and heavy equipment, which are industries vital to the region.

In Illinois, which boasts America's largest industrial sector after California, unemployment reached 8.6 per cent in June, which was the highest level since 1970. In metropolitan Chicago, economic weak spots are found in new orders, hours worked, layoffs and home building.

The state's economic fortunes had already been impaired by

the time the national recession set in. A nine-week strike by the United Auto Workers union at Caterpillar Tractor last autumn and a six-week strike by the same union at International Harvester slowed down the local economy in the second half of 1979. The housing market had collapsed earlier than in other regions. The inflationary and speculative excesses of the late



1970s caused exorbitant prices that buyers simply could not afford, least of all when mortgage interest rates had surged to 17 per cent.

Layoffs have now spread throughout the transport, heavy machinery and construction industries. A quarterly survey of hiring plans by Manpower Inc. showed that only 25 per cent of Chicago's employers will recruit this summer, while 11 per cent will reduce their staffs. During

the same period last year, almost 50 per cent of local employers anticipated larger payrolls, while 2 per cent expected to cut back.

According to a consumer sentiment survey by Continental Bank, the city's largest financial institution, the second-quarter index fell to the lowest point since the survey was started in 1972. The quarter-on-quarter plunge was 17 points. Meanwhile, hire purchase debt outstanding at local banks dropped \$681m in April, for the first decline since June, 1975.

The immediate prognosis for Illinois is not good. The pace of new job creation has been declining for the past 18 months. During the first quarter of 1980, employment in manufacturing fell 3.7 per cent against the same period a year ago.

More than 50 per cent of the State's 4.8m salaried workers are employed in iron and steel, fabricated metals, electrical and non-electrical machinery. Employment in these industries dropped 4.7 per cent in Illinois during the first quarter of the year compared with a 1.2 per cent gain nationally.

Illinois is also vulnerable to the shaky fortunes of Chrysler Corporation and the vagaries of the climate. Although the ailing motor manufacturer has once again been spared final dissolution, a shutdown would mean the immediate loss of approximately 26,000 jobs, including workers in related industries.

Anderson dismisses influence of Bush

By Simon Henderson

MR. JOHN ANDERSON, the independent candidate for the U.S. presidency, said yesterday that the new Reagan-Bush Republican ticket would not alter the findings of the opinion poll that the U.S. public prefers neither of the main candidates.

Mr. Bush, he said, would not take any of the moderate Republican vote because it would become clear that the new Vice-Presidential candidate had embraced Mr. Reagan's political stance.

Worried by what he saw as Republican extremism, he said Mr. Reagan and those around him had been taken over by the Right wing of the party.

Mr. Anderson would not be drawn on his own Vice-Presidential choice, saying only he hoped to be able to announce it within six weeks.

Yesterday morning he saw Mrs. Thatcher, the Prime Minister, and Lord Carrington, the Foreign Secretary, and said he was impressed by their agreement on the challenges they had to face.

Mr. Anderson said his tour had made him aware of the greater clarity and consistency needed to foreign policy. On returning home he would be explaining this to a series of foreign policy speeches.

Earlier in the day Mr. Anderson had addressed a meeting at the Royal Institute of International Affairs,

Justice Department clears oil companies over shortages

BY DAVID BUCHAN IN WASHINGTON

A YEAR-LONG investigation by the Justice Department has concluded that the major U.S. oil companies did not deliberately create the 1979 petrol shortage in the U.S. It is blamed instead on lower crude oil imports from Iran.

The study was ordered by President Jimmy Carter in May 1979, at a time of acute petrol shortages in California and other states. There was a widespread "conspiracy theory" about among the public that the oil majors were somehow deliberately helping force up prices and thus profits.

Since then, the Administration and Congress have been working on a standby petrol rationing plan that would come into effect if fuel stocks were to drop by 20 per cent again. In addition, the President used the public's attitude against the oil companies last year to win approval for the tax on their windfall profits from free domestic oil prices and price increases by the Organisation of Petroleum Exporting Countries.

But the Justice Department study exonerates the oil industry, saying: "There is in-

sufficient evidence to justify a finding that anti-trust violations contributed to the shortage, or that further investigation of this matter is warranted."

In the first nine months of 1979, petrol supplies in the U.S. averaged 463,000 barrels a day (b/d) less than was expected. But the Justice Department concluded that the bulk of this shortfall—about 62 per cent of it—was due to lower imports of crude and refined petrol, because of the Iranian revolution and its impact on the world oil market.

FAA urges engine checks on foreign airlines

BY OUR WASHINGTON CORRESPONDENT

THE Federal Aviation Administration (FAA) is sending foreign Governments copies of its order this week requiring inspection of a Pratt and Whitney jet engine widely used in the U.S. The agency said yesterday it expected many non-U.S. airlines to make similar safety checks.

The FAA order will entail the removal over the next few months of engines from some 1,600 Boeing 727, 737, and McDonnell Douglas DC-9 aircraft flown in the U.S. and powered by the Pratt and Whitney JT8D engine. Another 800 such aircraft are operated abroad.

The agency's directive, binding on U.S. airlines and advisory for foreign carriers, says the FAA has given airlines considerable leeway so as not to disrupt busy summer traffic. The engines only have to be inspected after a certain number of flying hours.

The investigation started last month when problems showed up on a Hawaiian Airlines jet and then on an Eastern Airlines aircraft. Last year, the FAA took the sweeping action of immediately grounding all DC-10s after one lost an engine and crashed at Chicago.

Bolivian army unit rebels

LA PAZ—The sixth division of the Bolivian army has rebelled against the civilian government of President Lidia Gueiler and demanded a return to military rule, a statement by the division broadcast by local radio stations said yesterday.

The radio report from Trinidad, the capital of Beni department, where the Sixth Division is garrisoned, 400 miles north-east of La Paz, said the statement was signed by the division's commander, Colonel Francisco Monroy. The statement said President Gueiler's authority was not representative of the people and that the armed forces command should assume control of the country. Reuter

OVERSEAS NEWS



Senior figures in Japan's new Cabinet (from left): Mr. Zenko Suzuki, Prime Minister; Mr. Michio Watanabe, Finance Minister; Masayoshi Ito, Foreign Minister; Mr. Toshio Komoto, to head the Economic Planning Agency; Mr. Yasuhiro Nakasone, to head the Administrative Management Agency.

Rivals take back seat in Suzuki cabinet

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S new Prime Minister, Mr. Zenko Suzuki, appears to have favoured his followers and given a back seat to his rivals in his Cabinet, announced last night.

Key Cabinet posts allocated to members of the Suzuki faction (formerly the Ohira faction) include the Foreign Ministry which goes to Mr. Masayoshi Ito, and the Ministry of International Trade and Industry (Mr. Rokusuke Tanaka).

By contrast, Mr. Suzuki's principal rival for the Liberal Democratic Party leadership, Mr. Yasuhiro Nakasone, was allocated the comparatively obscure post of Director-General of the Administrative Management Agency. Mr. Nakasone is thought to have expressed dissatisfaction with the appointment but accepted it when told that he would get nothing else.

Another contender for the leadership, Mr. Toshio Komoto, seems less unhappy with his appointment as Director-General of the Economic Planning Agency. This position is generally regarded as the least

important of the three main Japanese economic Ministries. A key Cabinet post which did not go to a Suzuki faction member was Finance, allocated to 56-year-old Mr. Michio Watanabe. Mr. Watanabe, not formally linked to any faction, was previously Minister of Agriculture, with a high reputation as a debater and grass-roots

party campaigner. His expertise on taxation should stand him in good stead, since tax reform is one of the main issues facing the new government. The post of Chief Cabinet Secretary, which is of central importance in Japan, goes to a Suzuki faction member who was at one time regarded as a candidate for party leadership.

In the survey, 21 per cent of the respondents said that production and shipment will

rise in July-September, 33 per cent said they will level off and 41 per cent saw a decline.

In the basic raw material industries like petrochemicals and textiles, however, 71 per cent said production will drop and 27 per cent responded it will level off, while only 2 per cent predicted a rise.

The survey also pointed out that the non-ferrous metal, electric and some other industries are planning to postpone capital investment plans in anticipation of the easing of credit in the future.—AP-DJ

Mr. Kiichi Miyazawa. Mr. Miyazawa thus becomes the only former leadership "hopeful" to occupy a really central part in the new Government.

A head count of factional alignments indicates that five Suzuki faction members (excluding the Prime Minister himself) gained places in the Cabinet while four posts each

went to the Tanaka and Fukuda factions. This reflects the importance of each group in helping to bring Mr. Suzuki to power. The Tanaka group has been closely bound to the Ohira-Suzuki faction for some years, while the Fukuda group clinched Mr. Suzuki's leadership bid by supporting him at the last moment.

Mr. Suzuki's respect for factional alignments does not necessarily imply that talent was overlooked in the allocation of Cabinet posts. Seven members of the 20-strong Cabinet have been awarded portfolios for the first time so that new blood is fairly much in evidence. Among other key posts, Mr. Rokusuke Tanaka (a former financial journalist) should prove an able MITI minister.

Mr. Masayoshi Ito, who held the post of acting Prime Minister after Mr. Ohira's death, has enough international experience to make him a capable Foreign Minister, though he seems unlikely to be as articulate or persuasive as his predecessor, Mr. Saburo Okita.

THE OGADEN DESERT WAR

Somali guerrillas brace for new Ethiopian assault

BY DAN CONNELL, RECENTLY OUTSIDE DEGAHABUR, ETHIOPIA

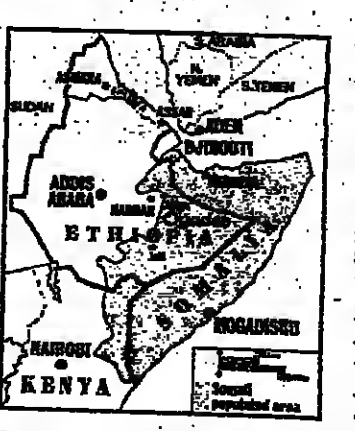
AFRICA'S little-known war in the Ogaden desert is catching fire again. The coming months are expected to see an intensification of the fighting between the Ethiopian Army and Somali-speaking guerrillas.

Ethiopia's Soviet-supplied army is rapidly building up here, but the long-expected counter-insurgency campaign against the nationalist Ogaden guerrillas has not begun. Sporadic fighting takes place here almost daily between the presently besieged government forces and the highly mobile guerrillas. The long-term outlook is for more of the same.

"The Ethiopians are building up, especially around Degahabur, Jijiga and Harar. They are increasing their armed forces, and it seems they are trying to clear up the Ogaden," according to Omar Nur, a member of the Central Committee of the Western Somali Liberation Front (WSLF).

The Liberation Front claims to control most of the country-side and the main roads in this desolate semi-desert region of south-eastern Ethiopia, but they appear hard-pressed to defend them against the overwhelming firepower of Ethiopia. The Front is fighting for the independence of this Somali-speaking region, which neighbouring Somalia also claims.

This is a war which has dragged on intermittently for close to 20 years and whose human and material cost has reached astronomical figures. The consequences for Somalia and the entire Horn of Africa are staggering. Somalia fought Ethiopia twice here in full scale operations in 1964 and 1977. Thousands were killed, hun-



nationalists say they receive a trickle of aid from Iran, Iraq and Egypt, but like their tacit allies in Eritrea and elsewhere in Ethiopia, they appear generally isolated from the outside world.

The U.S., which is presently negotiating for rights to air and naval bases in northern Somalia at the former site of the Russian base in Berbera, has refused to become embroiled in the conflicts apparently in order to keep open the option of returning to favour in Addis Ababa in the event the Russians are displaced.

As a result, the Western Somali guerrillas are fighting a persistent but low level struggle with little more than small arms and mortars. They operate in small units hidden in the Ogaden bush and strike out regularly at supply convoys and small garrisons.

A singular problem for the guerrillas is the steady depopulation of the area by the ravages of drought, famine and war. Somalia estimates that there are 1.5m Ogaden refugees now in that country. Simultaneously, the Ethiopian Government is trying to resettle non-Somalis here in an apparent effort to change the character of the indigenous population. The guerrillas here acknowledge this and liken their situation to that of the Palestinians of the West Bank in Israel.

"When we get our independence, that does not mean we will join the Somali Republic. We just want to get our independence ourselves, with no Omar Nur, 38, a veteran of 18 years of guerrilla war.

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*AUTOCAR Autotest 29.12.79. Photograph taken at Motor Industry Research Association proving ground. **MOTOR braking from 70 m.p.h. test week ending 15th December 1979.
DOE FUEL CONSUMPTION FIGURES FOR JAGUAR XJ6 4.2 MANUAL: CONSTANT 56MPH: 28.5 (9.9L/100KM), CONSTANT 75MPH: 24.6 (11.5L/100KM), URBAN CYCLE: 13.3 (21.3L/100KM).
AUTOMATIC WITH 3.07 AXLE RATIO: CONSTANT 56MPH: 28.2 (10.0L/100KM), CONSTANT 75MPH: 23.7 (11.9L/100KM), URBAN CYCLE: 14.5 (19.5L/100KM).

WORLD TRADE NEWS

India reviews £1bn Jaguar fighter deal

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Defence Ministry is reviewing the £1bn deal with British Aerospace for the purchase and manufacture in India of the Jaguar aircraft but there is no indication yet that it is to be scrapped or radically changed.

Mr. B. N. Singh, the Minister of State for Defence, told Parliament on Wednesday that he was "not aware of the basis of reports" in the British Press that the Jaguar deal was being abandoned. This conforms with denials by both Indian and British High Commission spokesmen of reports that the deal was being scrapped.

However, Mr. Singh did admit

that the deal was being reviewed although he said that no final decision had been taken. The Government, he said, "is examining various issues connected with the Jaguar programme and is yet to take a final decision on the scope and range of the Jaguar programme."

Some months ago, Mrs. Indira Gandhi categorically denied reports that the Government wanted to change the Jaguar deal but the statement by Mr. Singh suggests that there is some re-thinking about the deal. There is no doubt that the Government will equip the Indian Air Force with the

Jaguar since one squadron is already operational and it would be illogical to terminate the purchase at this stage.

Under the original contract, British Aerospace is to supply 40 aircraft to the Indian Air Force and to allow the manufacture of another 120 aircraft in India by the Government-owned Hindustan Aeronautics headquartered at Bangalore in Karnataka State. A British Aerospace team recently visited India to discuss the manufacturing programme.

What has prompted the Government to review the Jaguar deal is not known. Any change would mean that heavy

compensation would have to be paid to British Aerospace. Some Indian Press reports say that the Government plans to buy 80 Jaguar aircraft from British Aerospace but not manufacture any. However, these reports have not been confirmed.

Mrs. Gandhi has kept the defence portfolio herself so the eventual decision would have to be taken by her. She is known to have close relations with the French Government which were cemented by President Giscard's visit to India last January when a number of collaboration arrangements were signed. This has given rise to speculation that India might buy the Mirage.

However, at the time that the Jaguar was chosen as the main strike aircraft for the Indian Air Force, the Mirage was ruled out because it was already in service with the Pakistan Air Force. This still holds good. The other contender, the Swedish Viggen, was not allowed to be sold to India by the U.S.

The Indian Air Force is presently equipped mainly with obsolete aircraft which need to be replaced quickly. Talks are now in progress with the Russians on acquiring the MIG-23 but this is to replace the MIG-21 and the Hunter—not the Jaguar.

Hyundai wins Iraq hospitals contract

By Robert Cockburn

HYDUNDAI, the South Korean building contractor, has been appointed to construct the largest stage of the Medical City project in Baghdad. The contract, awarded after stiff international competition, is worth over £100m (£143m) to complete the stage 2B section of the large medical complex.

The award follows a two-year suspension in doing business in Saudi Arabia following a scandal. Bouncing back so swiftly in the Iraqi market has gone some way to compensate for the potential loss of earnings over the next two years in Saudi, where it already has an estimated \$1.8bn worth of contracts under way.

Significantly, it has shown that the South Korean reputation in Iraqi Government circles has not been affected by the scandal in Saudi Arabia. But some surprise has been expressed in the industry over Hyundai's appointment by the Iraqi Government which punishes its civil servants with the death penalty for any malpractice in business.

The long-awaited 2B contract involves the construction of a 650-bed surgical hospital, a 250-bed private nursing home, a 200-bed children's hospital, a conference centre, and extensive car parking, all to be finished within 18 months.

Twelve bids were invited by the Ministry of Housing and Construction, which is responsible for the development of Medical City. Prior to the announcement, Hyundai was reported to have made the lowest bid at \$195m. Although it is understood that this sum has now been raised above the \$190m mark.

The Hyundai success ends some of the speculation which has surrounded South Korean intentions in Iraq of late. It is also regarded as something of a set-back for the Kuwaiti push into the Iraqi market, sparked off in part by strong Korean competition forcing local contractors out of their own market in Kuwait. There have been fears that the South Koreans might pose the same threat to Iraqi contractors as they have done in Kuwait, where they have captured around 30 per cent of the local market.

The Kuwaitis have been angered by what they claim to be South Korean Government subsidies to their national companies in seeking contracts. Certainly, the Korean prices have been extremely competitive in Kuwait. The same low price range must have influenced Iraq, when it came to selecting a contractor for this delayed and inflation-hit medical project.

Japan refutes BL criticism

BRUSSELS — Japan yesterday refuted a charge by Sir Michael Edwards, chairman of BL, that it hinders car imports through bureaucratic obstacles.

"Nothing can be farther from the truth... one cannot be as easy-going as to claim that the Japanese market is closed simply because we cannot sell our products there," the Japanese Embassy in Brussels said in a news-sheet.

The embassy was responding to an interview published by the Brussels daily, *Le Soir*, last week in which Sir Michael said: "The Japanese car makers flout the principles of free trade... their market is completely closed to us through bureaucratic obstacles."

The embassy news-sheet said foreign cars imported into Japan were duty-free while the European Community imposed a levy of 10-11 per cent. Japan had gone out of its way to simplify testing and standards procedures for imported cars.

The main reason why European cars did not sell in the Japanese market was their "exorbitantly high price," the embassy said. Japanese cars were cheaper because of better industrial production.

Hong Kong tightens control on textile export quotas

BY RODNEY HOBSON IN HONG KONG

HONG KONG'S system of control over textile exports is to be modified to stamp out under-the-table dealing in quotas.

Manufacturers, already burdened by the Quota Limits set by importing countries, have been paying high prices to buy quotas from "farmers." By setting up front companies, the farmers have applied for quotas they have no intention of using so that they can sell them to genuine manufacturers.

The main change is the abolition of the 50 per cent rule under which any company not using up at least half its quota was excluded in the following year. In future, these companies will receive a quota equal to the allocation actually used.

The drawback of the old system was that small manufacturers using only a fraction of their quota allocation were actually forced by the rules to sell quotas in order to obtain an allocation the following year.

The removal of the 50 per cent rule is also intended to smooth out the issuing of preliminary quotas in December. In future, companies will not have to demonstrate that they have used at least 50 per cent of their quota in order to get a provisional allocation for the new year. This should speed up the issuing of quotas at the start of the year and avoid the creation of a temporary artificial shortage.

Another new rule means that companies will have to show that they are genuine manufacturers before they are granted quotas. They will have to state their monthly production capacity, and the figure will be

checked by the Government from time to time. They must also demonstrate that they have received payment for the items they claim to have produced.

John Wyles adds from Brussels: The European textile industry will continue to need the protective provisions of the multi-fibre arrangement (MFA) when the present agreement expires at the end of next year, but it should not look for similar shelter from the effect of imports from the U.S.

No U.S. action

This was emphasised yesterday by M. Etienne Davignon, the EEC Commissioner for Industry, when he commented on a Commission report to member Governments on the effectiveness of the MFA in 1978 and 1979.

M. Davignon offered reassurances as to the Commission's thinking on the next MFA. But he saw no scope for action against imports from the U.S., which were 65 per cent higher last year than the year before.

The Commission's report to the Council broadly concludes that the MFA in its first two years achieved the objective the EEC established in 1977.

It asserts that a reduction in the growth rate of imports has been achieved, and that ceilings negotiated through bilateral agreements have been observed. In comparison with the 25 per cent annual growth between 1973 and 1976, imports of MFA textile products showed an average increase of only 4 per cent in the succeeding three years.

Judgment may signal end to much EEC red tape

BY JOHN WYLES IN BRUSSELS

THE PROBABLE end of many requirements for petty harmonisation by Brussels "Eurocrats" was signalled here yesterday following a little noticed judgment by the European Court of Justice.

M. Etienne Davignon, the EEC's Industry Commissioner, yesterday drew attention to a February judgment in the case involving "Cassis de Dijon". This stemmed from an attempt to market the blackcurrant-based French product in West Germany which was frustrated by German regulations governing alcoholic drinks.

Asserting the right to free

circulation of goods within the Community, the Court ruled that any product legally manufactured and marketed in one member State must in principle be admitted into another. In the Commission's view, the ruling cast doubt on the legality of many so-called non-tariff barriers to EEC trade which exist in the form of technical norms and standards.

M. Davignon said yesterday that there would be less need for the Commission to be involved in drafting Community-wide standards for many products as a means of securing the withdrawal of national regulations.

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W. Germans winners in race for Olympic contracts

BY ROGER BOYES IN BONN

WEST GERMAN athletes have missed their chance of capturing any medals in the Moscow games next week, but feet-footed German businessmen have earned a gold in the race for Olympic contracts.

Despite Bonn's boycott of the games—a protest at the Soviet invasion of Afghanistan and a relatively pointless gesture of solidarity with the U.S.—German companies have managed to clinch almost DM 300m (£72.4m) worth of Olympic-related deals.

A total of 21 supply and installation contracts have been reached between the Moscow Olympics organising committee and German companies. Of these about eight are specifically for the supply of sports goods—twice as many as have been placed in France or Japan. Only Soviet producers have succeeded in landing more orders for the Olympics.

The main Olympics related deal was landed by Rueterbau, a subsidiary of the state-owned Salzgeber group, which was

commissioned to build a DM 230m one-storey terminal at Moscow's Sheremetyevo airport to cope with the anticipated flood of visitors and athletes. The terminal was handed over to the Soviet Union with some degree of embarrassment five months ago shortly after the invasion of Afghanistan.

German companies argue that an associated sport-cum-business boycott of the Olympics would have been both foolish and inadvisable. Foolish, because most deliveries for the Games had been carried out before the boycott was announced and indeed before the invasion last December. Inadvisable, because many of the companies involved were relatively small and would have been faced with considerable financial problems had the deals fallen through. In addition there would have been the risk of economic retaliation by Moscow.

Some of the deals, though financially insignificant, clearly look far beyond the actual span of the Olympic Games. Thus Daimler Benz has supplied more

than 20 vehicles free of charge for carrying athletes and officials between the hotels and sports centres. But at the same time the company is building 12 servicing stations—at least seven of which will stay intact after the games have finished—which will provide spare parts and repair work.

In financial terms, this agreement does not bring much to Daimler Benz but it provides the German company with a useful insight into Soviet motor needs and creates a substantial body of commercial goodwill with Moscow's buying agencies.

Many of the small to medium-sized companies benefiting from the games are active in the service sector. Thus Wella of Darmstadt is equipping the hairdressers in the Olympic Village and the Ormann Company is supplying the Olympic kitchens with DM 50,000 worth of pipes. Ormann also helped to equip the kitchens, with the total contract coming to well over DM 1m.

Construction, installation and design work has proved to be a lucrative niche for some German

companies. Gail of Giessen supplied the ceramic tiles for the Olympic swimming pool. Siemens is taking care of some of the lighting, television and electronic installation. Linde of Wiesbaden supplied 500 special refrigerators for the Olympic Village and a Moscow polyclinic while Streif Consulting was responsible for a 1,000 square metre storage room for the organising committee. Standard Elektrik Lorenz (SEL) has delivered and installed 117 direct-dial telephones.

To some extent, the nature of the contracts reveal important gaps in the Soviet economy or at least the difficulties Soviet concerns have in adapting to suddenly increased demand.

The German companies' tight delivery schedules also played a role, especially in the sports equipment field. Ernst K. Spiehl of Esslingen managed to supply the shooting ranges to Moscow in time for the 1979 Spartakiad. The Adolf Company delivered and laid artificial turf a year ago.

The sports suppliers that are most immediately affected by

the boycott are those that were kitting out the German team. Nonetheless, Adidas, is still supplying (as part of large consortium) 7,000 to 8,000 pairs of shoes for the general Olympic uniform.

It is difficult to assess how much of this business is actually profitable for German concerns. For example Zanders Fein-papier supplied high quality paper products to the Moscow organisers (80 per cent of it before the boycott decision), but the problem is that they reduced their prices in return for the right to use the label "official supplier" to the Olympics. It is difficult to see how a German company can now capitalise on that title.

The Olympics is none the less good business for many of the internationally orientated companies involved in supplying directly sports-related goods. The international television coverage means that a single close-up on a shoe label or digital clock will provide a discreet advertisement to hundreds of millions of viewers.

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Planning permission call for Stansted

BY WILLIAM HALL

THE BRITISH AIRPORTS Authority will formally apply for planning permission to develop Stansted as London's third airport next week.

BAA will shortly seek powers to acquire the 1,500 acres needed for this.

It intends to publish a "statement of case" later this year, saying why it thinks an airport there is needed.

A public inquiry is expected to take place next year. A decision will be announced by the end of 1982.

The BAA hopes to begin construction in 1983, with completion timed for 1988. The airport, which would cost about £500m at today's prices, would handle 15m passengers, roughly half Heathrow's capacity, and could employ up to 20,000

people. The authority believes that traffic will rise by an average of 5 per cent a year in the 1980s. It hopes to alleviate the growing congestion at Heathrow by developing Stansted.

In its annual report yesterday BAA reported that Heathrow handled 28.5m passengers last year and was close to capacity. Because of delays in bringing the new terminal into operation, it forecast that Heathrow would face "severe overloading" between now and 1985.

In an effort to switch traffic to Gatwick, traffic charges at Heathrow have been increased substantially.

Last year the authority increased its trading profits by 14 per cent to £35m.

After adjusting for inflation

the performance was not so good. Trading profits on a current cost accounting basis fell by 23 per cent to £9.5m. After taking tax and interest into account, current cost loss increased from £4.0m to £5.4m.

With a traffic growth of 8.4 per cent and inflation of 20 per cent, an 18 per cent growth in income was described as "very disappointing." The authority made a current cost accounting return on average net assets of 2.1 per cent, against 2.8 per cent the previous year.

In the early 1970s BAA made rates of return of 6 per cent. This is the Government target for the next three years.

To meet its traffic charges were increased by 35 per cent last April. They are among the highest in the world.

Landing charges are likely to rise in line with inflation with the option of another 5 per cent extra tacked on.

Aside from the tough financial target which it has been set BAA has worked within very tight cost limits. Although it had £10m on deposit with local authorities the Government forbade its use to finance capital spending.

As a result BAA suspended various construction work and incurred £3m in penalty payments to contractors.

In the next five years BAA plans to spend £700m on expanding airports. After several years of financing itself internally, it will soon borrow some £120m.

Civil Service having trouble filling vacancies

BY ROBIN PAULEY

THE CIVIL SERVICE has been seriously short of suitable applicants for jobs as accountants, computer staff, mechanical and electrical engineers and surveyors.

The 1979 Civil Service Commission annual report shows that recruitment of architects and civil engineers was only just enough to fill vacancies caused by retirement and resignation.

There were many unfilled vacancies in other areas and the position has changed little during 1980. Only 24 out of 51 vacancies for accountants were filled in 1979.

The number of unfilled posts in the main disciplines stood at 500 in 1979 and the number of vacancies for newly qualified graduates doubled to 460, compared with 1978.

A high level of resignations from the administration group also increased the number of vacancies. In the executive officer grade, for example, there were 45 per cent more (3,500) than the year before.

The report says there was a hiatus in recruitment which inevitably disturbed the running of the commission's administrative machine.

The early months of 1979 produced high wastage because many people left because as the gap between civil service pay rates and rates in the private sector had widened.

A temporary ban on recruitment was then introduced by the Government while it reviewed long-term staff reductions. This, coupled with its declared aim of significantly reducing overall manning levels every year until the next election, seriously affected recruitment.

"The task of restoring confidence among candidates during 1980, especially but not exclusively, in the specialist grades will not be easy, says the report."

A new upper age limit of 44 was introduced in the open competition for entry for executive grades after protests that the former limit of 27 discriminated against women. The use of age limits in all departments is now being reviewed.

The report makes predictable comments about the educational background of applicants:

"Candidates with better degrees were clearly more successful in the open competition for entry as administration trainees. And graduates of Oxford and Cambridge, as a group, were very much more successful than graduates of other universities."

Of 73 external candidates who took up posts as administrative trainees in 1979, 45 were Oxbridge graduates and 28 were graduates of other universities or polytechnics. All had degrees of at least lower second class.

£200m investment approved in cross-Channel power link

BY MAURICE SAMUELSON

YESTERDAY'S Government approval for the Central Electricity Generating Board to invest £200m on a 2,000 MW cross-Channel power link brings closer to implementation an idea once described as "exporting British coal by wire."

The scheme, which also has the blessing of the French Government, will shield the CEGB and Electricité de France (EdF) from supply breakdowns. Thanks to the seasonal time difference between the two countries, the two authorities will be able to help each other to spread their loads at peak consumption hours.

Britain would sell France the equivalent of 1m tonnes of coal a year, and the scheme could pay for itself in five years. EdF's investment could be greater than the CEGB's as it will also have to strengthen transmission lines in France.

Yesterday's announcement said final approval had been given for the first 1,000 MW stage and the second stage would be approved in step with the French Government.

The last hurdle is to get planning permission for the English terminus of the buried cable. The CEGB wants it to be at Sellindge, 12 miles inland from Folkestone. Local objectors want the building, 340 ft long and 80 ft high, to be near the Dungeness nuclear power stations rather than on agricultural land.

Yesterday, the Board won a qualified victory when the joint inquiry, by the Environment and

Energy Departments, upheld its appeal to site the converter station at Sellindge. But it was also asked to report urgently on possible alternative cable routes before a final decision on Sellindge was made.

The link will be a significant addition to the network of some 130 "inter-ties" between the electricity grids of European countries. They provide security of supply in case of power station failure, and enable the industries to swap current profitably to meet one another's peak loads.

The CEGB and EdF have already been linked for nearly 20 years by a 160MW line between Dungeness and Boulogne. It proved useful in the 1960s but is now too small to cope with the demand for electricity in both countries.

There is also a 500MW cable spanning the 90-mile Skagerrak seaway between Norway and Denmark. The latter at first lay on the seabed and as it proved vulnerable both countries have been collaborating on a plan to bury it. In places it lies a third of a mile deep.

The impetus for the cross-Channel cables was given by the 1974 oil price increases. France, particularly dependent on oil, was eager to be linked to the British electricity generating industry, 70 per cent of whose fuel is coal.

Last August, both authorities began to investigate how to dig trenches in which the four high tension lines would be buried, safe from anchors, trawls or other disturbances below the

world's busiest shipping lanes.

The British trials ended in success last November. The technique was devised by CEGB engineers in collaboration with Land and Marine Engineering and Balfour Beatty. The working group built two submarine machines for cutting the trench, 5 ft deep and 2 ft wide, in rock, and for laying the cable in it.

Mr. John Yates, the project engineer, said the system could cut a trench to France in 30 days and would then lay a pair of cables in another 10 or 11 days. It would lay them in continuous lengths to avoid the weakness of a joint at sea.

The trench-making machine, controlled from an accompanying surface vessel, uses a rotary shearer like that used in coal cutting. At the same time it feeds a steel hawser into the freshly-cut trench. The French have devised a different technique, of burying the cable in rock, as well as in the loose rock 130 ft below the main shipping lane.

The English converter station at Sellindge would account for about one-third of the UK investment. Its role will be to change the direction of flow of power between France and England. The power would equal that of a major power station.

To meet changing patterns of demand on each side of the Channel, the normal 400 kilovolt alternating current in both countries would be converted into direct current while it is in the inter-tie.

Give Ombudsmen more power—jurists

BY ROBIN PAULEY

THE SCOPE of local Ombudsmen's powers should be considerably extended and their findings should be enforceable through the courts, says a report by Justice, the British section of the International Commission of Jurists.

The report says local Ombudsmen should in future, be able to investigate complaints of maladministration involving parish and town councils, contractual and commercial matters and internal school matters.

It should also be possible for the public to complain directly to a local Ombudsman as well as through a member of a local authority, the present method.

The Ombudsmen, it goes on, should not be able to investigate matters on their own initiative without having received a specific complaint. More complainants should be interviewed before a decision is taken on whether or not to investigate.

Justice also thinks the cost of the local Ombudsman service should be paid by central government rather than by local authorities.

The Commission for Local Administration in England, which runs the local Ombudsman service, yesterday welcomed most of the Justice recommendations but differed on two important points.

It wants to be able to accept a request from an authority to investigate a matter—maladministration in an old people's home, for example—which had not been the subject of an individual complaint. The Ombudsman should not be prevented from exposing a possible injustice caused by maladministration because the obvious complainant—perhaps a child or elderly person—was dead, it said.

The Commission could also see no point in changing the source of funding the service. The local Ombudsman service was provided for the support of local and water authority services and it was logical that they should pay for it.

The Local Ombudsmen; Justice, 95a, Chancery Lane, London, WC2E, 22.50.

CONTRACTS

£6m order for drug pilot plant

MATTHEW HALL NORCAIN ENGINEERING has been awarded a £6m contract for the design, procurement and construction supervision for a biological pilot plant for G. D. Searle at High Wycombe.

The plant, expected to be in operation by the end of 1981, is to be designed to produce new therapeutic materials biologically derived from micro-organisms, plant and animal cells. The first substance to be produced will be interferon, the potential anti-cancer drug.

MITCHELL COTTS states that its London-based subsidiary, Capital Plant International, has been awarded a contract by the Indonesian state oil company, Pertamina, to design and construct a gas lift installation on Bunyu Island. The contract will be carried out in co-operation with two Indonesian companies, P. T. Karita and P. T. Trans Nusantara Multi Constuction.

The plant will cost around £45m (US\$13m) and will substantially increase the crude output from Bunyu. Bunyu is the location where Pertamina also intends to establish a methanol plant in conjunction with foreign partners.

ERNO Raumfahrttechnik GmbH of Bremen on behalf of the ESA (European Space Agency) has placed an order worth £3.5m with the space and communications division of BRITISH AEROSPACE DYNAMICS GROUP for five flight-standard spacelab pallets. The pallets are for NASA and are scheduled to be delivered between 1982 and 1984. The spacelab pallet was specifically designed as a general-purpose equipment mounting platform of modular construction to fit in the cargo bay of Space Shuttle. Depending upon mission requirements, pallets can be used singly, in groups of two or three or up to five to form a platform assembly on which experimental equipment can be mounted and integrated prior to being loaded into the cargo bay of Space Shuttle. With a design-life of 10 years, the pallets are reusable.

The southern construction division of WILLIAM PRESS AND SON, has been awarded a £2m period contract for laying out and installing gas for the outer metropolitan area of London, principally in Tottenham and Haringey.

WESTCODE SYSTEMS, the industrial automation specialists of Westinghouse Brake and Signal Company, a member of the Hawker Siddeley Group, has been awarded a contract for the central monitoring system to be installed on a production platform in the Magnus Field in the UK sector of the northern

North Sea. The contract, valued at over £11m, was placed by Matthew Hall Engineering acting for BP Petroleum Development.

RAPPORT INTERNATIONAL, through its UK-based vehicle conversion subsidiary, has won an order to manufacture highly technical telecommunications vehicles for Rockwell International. The contract is worth more than £1m including the electronics systems. Rapport has specified the Range Rover as a base vehicle, which will be completely rebuilt with a specially designed uprated chassis having a load capacity of 2.2 tons. The feature of the design, is the geometry of the rear suspension and the control of the drive line.

BUPA has ordered an IBM 4341 processor with peripheral and communications hardware worth £1m. The two-megabyte processor will be used in a multiple cpu environment to drive a sophisticated SNA network supporting 130 IBM 3278 terminals in BUPA's 17 branches. Delivery, which starts in October, will be phased over two years.

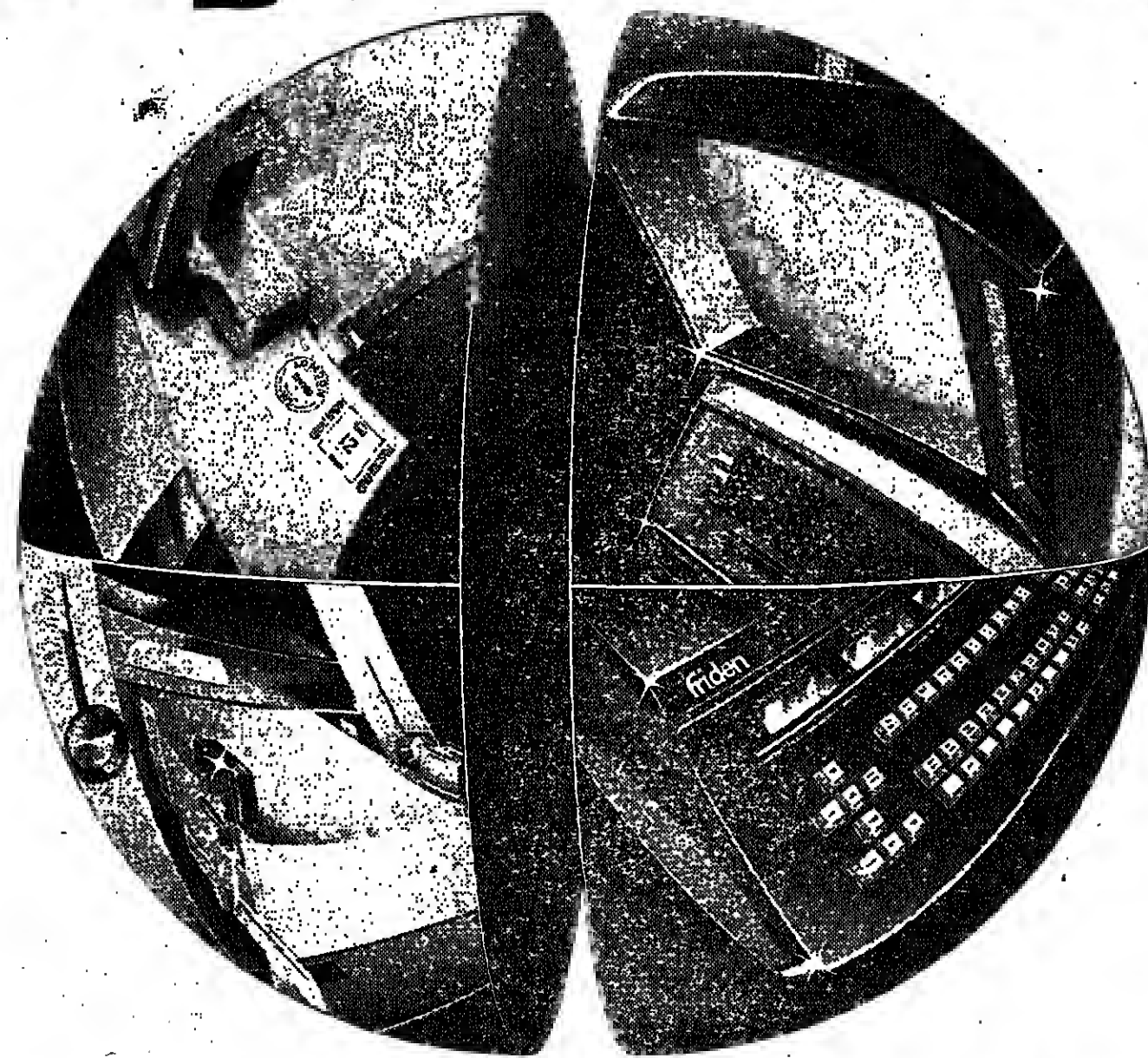
A contract to provide operating personnel for the Tartan A platform has been awarded to EXPLORATION AND PRODUCTION SERVICES (NORTH SEA) Texaco North Sea Company. Worth around £1m in the first year, the contract calls for more than 60 men to operate Texaco's production facilities, power generation, processing equipment and all utilities on the platform.

The French Government has awarded a contract worth over £500,000 to MARCONI SPACE AND DEFENCE SYSTEMS for the provision of practice delivery training of practice delivery training (PDT) to the French Navy, to train personnel in the handling and use of the Mk. 46 lightweight torpedo. The Mk. 46 PDT is an instrumented non-running practice torpedo. It is used for handling, loading and carriage and firing practice from training and firing practice from surface ship torpedo tubes. The PDT can be recovered and used more than 150 times.

An order worth over £400,000 has been placed with SONY BROADCAST by A.T.V. Network for VTR and editing equipment as a replacement for all of the existing VTR installations of Elstree Studios.

A £284,000 order for 12 Tracer position monitoring units has been received by DECCA SURVEY from the Trinity House Lighthouse Service. It will enable the position of unattended navigation buoys, light vessels and light floats to be monitored at all times.

Growing from strength to strength



Roneo Mailroom and Reprographics have joined forces with Alcatel to bring you total command of office communications.

RONEO, THE GREAT BRITISH NAME IN OFFICE EQUIPMENT.

There's hardly a business concern in this country that's not operating more efficiently thanks to Roneo. And the same can be said for many more companies spread right round the world.

In fact, over the years, the name Roneo has grown to become synonymous with the very best in sophisticated Mailroom and Reprographics equipment.

RONEO AT WORK

In the mailroom Roneo Neopost has really stamped its authority with a wide and versatile range of franking machines and paper handling and addressing systems. In copiers, Roneo have come up trumps with their Space Aces.

An advanced range of easy to operate, compact copiers that combine speed with copying quality. Roneo have also mastered the sphere of offset printing in the office, with a range of single control machines which provide high class print quality.

Then there's the famous Roneo range of superb and highly sophisticated Stencil Duplicators.

And, of course, Roneo will continue to provide their

excellent customer sales and service support for all these products, through the direct sales teams and from over 100 Roneo dealer outlets spread right across the U.K.

EXPANDING HORIZONS

Roneo is already accepted as a world leader in automated Mailroom and Reprographic technology. But has so far been unrepresented in more sophisticated electronic technology.

With the day of the fully electronic office rapidly approaching, the quickest, most efficient way to gain the necessary experience and expertise in these new fields was to join forces with a company already firmly established in them.

That company is CIT-Alcatel.

THE WORLD-WIDE CONNECTION

CIT-Alcatel is a huge, successful company, specialists in communications and electronics on a world-wide scale. In the development of digital-switching technology they are world leaders.

Their subsidiary SMH-Adrex is one of the most important French office equipment companies.

As Roneo Alcatel, Roneo becomes part of a world-wide group that is pledged to a far reaching scheme of

development in the field of office automation. Association with CIT-Alcatel and their U.S. subsidiary Friden, greatly strengthens Roneo's position in the mailroom and reprographics fields internationally.

FROM STRENGTH TO STRENGTH

So that's Roneo Alcatel—a British based, major European enterprise with a world-wide capability.

And a combination of two great companies, Roneo with the continuing strength of its renowned, international production, sales and distribution network. And CIT-Alcatel with all their technical flair and savoirfaire in office automation.

Together they represent a powerful new force with the expertise to foresee, and meet the differing demands of each individual company—so you are in complete command of your office communications.

That's the strength of the situation.

RONEO ALCATEL

Roneo Alcatel Ltd, P.O. Box 3, South Street, Romford Essex, RM1 2AR. Telephone: Romford 46000. Telex: 898427 Ron Rom G. Grams: Roneo Romford.

UK NEWS

Potential exports of trucks 'hopeful'

By Ray Ferman, Scottish Correspondent

THE MOTOR distribution and trading group Tozer Kemsley and Millbourn has found encouraging signs of a large export market for the four-wheel drive trucks made by Stonefield Vehicles, the company which it has an option to buy.

TKM has been evaluating the overseas demand for the truck, which has been tested by the British, and a number of foreign defence forces; and it is satisfied that there could be substantial orders over the next few years.

However, the group has to consider now whether sales could be made quickly enough to stem the heavy trading losses being sustained by Stonefield, and turn the financial position of the firm round within three to four years.

TKM has signed an option with the Scottish Development Agency, which has invested £4m and now owns Stonefield, and has until August 1 to decide whether it wants to buy.

The Government has set a limit on the extent to which the Agency should continue to support Stonefield, and an adverse decision from TKM would mean the end of the revival being called in.

Mr Christopher Tennant, who has been investigating the project for TKM returned this week from Kuala Lumpur, where he has been assessing likely demands from the Malaysian defence forces which have had two Stonefield vehicles on test for nine months.

He said yesterday that there was wide acceptance for the vehicle and, in the long term, there may well be a substantial export market for it.

The head of TKM International (Holdings) would consider the option at its meeting on July 29.

Domestic gas prices 'may rise 125% by 1982'

BY SUE CAMERON

DOMESTIC gas prices will rise by 125 per cent in the three years to the end of 1982 if inflation continues at its present rate, the National Gas Consumers' Council warned yesterday.

But gas would remain the cheapest domestic fuel even with such increases and even allowing for bigger rises in the prices of oil and electricity. The 125 per cent figure is based on present Government policy of raising domestic gas prices by 10 per cent more than inflation during the next three years.

The council said it could not stop gas prices rising, although it would fight to ensure that consumers were given a fair deal.

Professor Naomi McIntosh, chairman of the council, said gas users believed they should be entitled to benefit from the availability of natural gas. They "simply do not see why they should pay more for it than is necessary for the continuing needs of the industry."

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The council's annual report yesterday, accuses the last and the present Government of "forcing prices up beyond the needs of the industry." This was enabling the British Gas Corporation to raise "excess revenues."

Gas consumers were also being made to pay "disproportionately" for future investment in the industry. Both Governments, had "played politics with gas prices."

The report calls for a "stable forward-looking pricing policy free from short-term Government intervention." This would benefit both the corporation and gas consumers. The council rejects the idea that gas prices should be automatically linked to oil prices and says there is no reason why all fuels should cost the same.

"The suggestion that domestic gas prices should rise in line with industrial gas prices, which, in turn, should rise in line with international oil prices would leave many domestic consumers very vulnerable," the report says. "It would mean that gas pricing policy and therefore the level of gas profits would be in the hands of international forces."

The report calls on the Government to try to explain to consumers its reasons for setting British Gas financial targets which will require price rises greater than the industry needs to operate efficiently. The council says it has received many letters from people mystified by the decisions, especially when it is also being argued that electricity prices should go up because demand is dropping.

Prices, says the report, should not be used as the main mechanism for encouraging conservation. Tenants and poorer people could not afford to react to higher prices by improving insulation. Many would simply respond to higher prices by cutting down their heat and light. This would hit hard the elderly, the sick and those with young children.

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Auditors qualify Rossminster accounts

Financial Times Reporter

THE LATEST accounts of the Rossminster Group, the tax counselling business whose offices were raided by the Inland Revenue a year ago, have been heavily qualified by the auditors, Coopers and Lybrand.

Coppers drew attention to the fact that Rossminster was having other trouble with the Revenue apart from that highlighted in last summer's dawn raids.

The auditors say that the accounts were prepared on the basis of counsel's opinion that certain transactions were deductible for tax purposes.

"If the effect of these transactions is not as advised by counsel, a taxation provision of up to £1.3m would be required."

The audit report then says that the Inland Revenue raided Rossminster "on the suspicion that an offence involving some form of fraud in connection with, or in relation to, tax might have been committed."

"The directors of the company have informed us that they have no knowledge of any fraud in connection with, or in relation to, tax or any other matter affecting or involving the company or any of its subsidiaries."

Coopers concludes by advising readers of the accounts that it is unable to form an opinion on whether the accounts give a true and fair view, and whether they comply with the Companies Acts.

The annual return of Rossminster, filed at the Companies Registry on June 23, was unearched by the magazine Accountants Weekly. The return shows that the year to July 1978 Rossminster contributed £5,000 to the Conservative Party.

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Most UK carpet manufacturers face heavy losses

BY JAMES McDONALD

ALL BUT a handful of Britain's carpet manufacturers will make losses this year, Mr Michael Abrahams, president of the British Carpet Manufacturers' Association, said in London yesterday.

Consumer spending on carpets is now considerably lower than in 1978 and 1979. This, combined with the problem of U.S. imports and high interest rates, has almost completely eroded the industry's profitability," he told the association's annual meeting.

Seven carpet companies went into receivership last year, and Mr Abrahams said another three followed in the first four months of this year.

"Investment is virtually at a standstill, a situation which, if it continues, will further weaken our long-term competitive position and have further adverse consequences for employment," he added.

Wedgefoot yesterday announced it would make 370 of its 9,000 workforce redundant—adding to the growing job losses in the pottery industry.

The company blamed the world recession combined with inflation, high UK interest rates and the value of sterling. More than two-thirds of the redundancies will be in the Enoch Wedgwood (Tunstall) division of the group which employs 1,000. The manufacturing operation at Colbridge is being transferred to the Tunstall factory.

BSR, the record changer company which has already made 1,850 workers redundant this year, is to axe another 70 jobs at its West Midlands factories in Dudley.

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Vogue Bathrooms of Bilston near Wolverhampton is to make 50 workers redundant because of a drop in orders. It has been on short-time working since May.

A fall in orders is also blamed by Bescot Drop Forgings of Wednesbury, West Midlands, for its decision to lay off 72 workers.

The recession in the car industry has forced Bels, motor accessory makers in Newcastle-under-Lyme and a member of the Lucas group, to put 150 of its 2,000 workers on a three-day week.

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Government plan to beat car tax dodgers

By Elaine Williams

PLANS to tax all cars, whether or not they are in use, in an effort to beat tax evasion costing an estimated £75m per year were announced by the Government yesterday.

Proposed changes in the law will make tax on a vehicle payable from registration until it is scrapped or exported. No gaps in licensing or refunds would be allowed, and used car dealers would have to re-tax vehicles in their showrooms.

The Government announced its proposals in a Green Paper published yesterday, and Mr Norman Fowler, Transport Minister, said that legislation would be put before Parliament early next session.

The new system would use a computer print out from the Swages centre to check over-the-counter payments.

The only exemptions from the new law would be heavy goods vehicles.

Special arrangements would also be made for vintage and veteran vehicles, and those laid up for long periods—probably more than a year.

Licences would be transferable on the sale of a car and the liability for any outstanding duty would pass to the new owner. Any motorist covering a licence after a lapse would also incur back taxes and face the possibility of a penalty surcharge, or a fine.

The Government is considering ways of overcoming the difficulty that, at present, vehicle licences can be issued only if insurance and roadworthiness certificates are in order. This would have to change if vehicles off the road were brought within the tax system.

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Unit trusts' best month this year

BY TIM DICKSON

UNIT TRUSTS in June enjoyed their best month for new business since last August, figures from the Unit Trust Association showed yesterday.

Sales of new units amounted to £62.9m, though after an exceptional item of £23.5m relating to two "unitisations"—turning investment trusts into unit trusts—taken out, the total comes to £39.4m.

Units cashed in, excluding repurchases of £4.7m in the wake of the unitisations, amounted to £32.1m, leaving net new investment of £7.3m.

This is the best performance from the industry this year—net new investment is the highest since last August—and will bring cheer to some gloomy unit trust managers. Compared with previous years, however, the picture is still far from buoyant.

Mr Mark St. Giles, managing director of Allied Hambro and a spokesman for the Unit Trust Association, last night said the figures reflected "rather more cheerful equity markets."

He added: "The buying public seems to wait for rallies and some encouragement that the professionals are looking beyond the immediate grim economic position."

Cumulative figures for the first six months of 1980 show that after sales of £215m and re-

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Post Office relief over monopoly

BY JASON CRISP

THE POST OFFICE was able to breathe a sigh of relief when it learnt that Sir Keith Joseph, Secretary of State for Industry, intended only a small relaxation of the monopoly affecting less than 2 per cent of its business.

Nevertheless, the Post Office said yesterday it had fought hard to retain all its monopoly powers and it was "disappointed" by the Government's decision to allow any of the relaxations.

But in spite of the protests—not only from the Post Office but from Labour MPs and, to a fairly muted extent, from trade unions—the proposed relaxation of the monopoly is fairly small.

The proposals, announced by Sir Keith in the House of Commons on Wednesday, will have two significant effects on the Post Office's business. First it will legalise existing private competition with the Post Office. Although private courier firms officially carry only parcels, which they are allowed to do, it is well known they also carry unregistered letters, which they are not allowed to do under existing legislation.

The second part of the proposals, which earned the Post Office the name of "strikebreakers charter," is to give the Secretary of State powers to lift the general monopoly if the Post Office service falls below certain standards, most notably in the case of a strike.

The postal monopoly is to be lifted in three areas. Private operators, who for the most part will be existing courier companies will be allowed to carry "time sensitive or valuable" mail in competition with the Post Office. In effect this already happens, and the Post Office's own courier service Expresspost competes with express riders, taxis, and private vans for essentially the same business.

The second relaxation would allow document exchanges to transport mail in bulk between city centres. Again this already happens, although technically no charge is made to customers because otherwise it would be a breach of the law.

Document exchanges are relatively new to this country and are mainly used by lawyers. At present there are two in London and one each in Birmingham, Glasgow and Edinburgh. In addition the London Documents Bureau has opened a further three in the south of England and is hoping to open another six by the end of August.

According to Pauline Lyle-Smith, a director of the London Documents Bureau, the service is likely to expand rapidly until most towns have their own bureau. But they will not be taking much business away from the Post Office, rather from the private courier firms.

Most people who use document exchanges are either lawyers or organisations such as building societies or insurance companies who have to send documents every day to firms of solicitors.

The third relaxation will allow charities to deliver Christmas cards. Although there is a considerable surge of mail in the two weeks before Christmas, it is unlikely that charities would be able to take a substantial proportion. At Christmas the Post Office's own resources are severely strained and it has to take on extra staff. It is only expected that charities will be able to contemplate local delivery services within fairly limited areas.

The other major proposal of the Post Office arms the Secretary of State for Industry with a big stick with which to threaten both management and unions. Sir Keith said that the Post Office would be given targets for delivery performance which, if missed, could mean losing the mail monopoly either locally or nationally.

The Post Office could miss its targets in two ways, either through some form of industrial action or through general inefficiency.

In the case of industrial action, either locally or nationally, the Secretary of State could lift the monopoly on ordinary mail at short notice.

But there are more immediate problems over the control of the department's budget to keep it within previously agreed limits.

Over the past two financial years, defence spending was marginally above the planned cash limits and a month ago, it became clear that there was a danger of significant overspending again this year.

There is, naturally, much keenness in Whitehall to emphasise that, in general, central

Jason Crisp reports on the details of Sir Keith Joseph's plan to reduce the Post Office's monopoly powers.

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Over the past two financial years, defence spending was marginally above the planned cash limits and a month ago, it became clear that there was a danger of significant overspending again this year.

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but only temporarily. The Minister would also be able to lift the general monopoly if the Post Office became particularly inefficient, either nationally or in a particular area. At present the Post Office has a target to deliver 90 per cent of first class mail the following day, and Sir Keith said he would consider setting a higher limit.

But Sir Keith said that if the Post Office failed to meet the targets set it would be given a six-month probationary period in which to improve. If it did not get better, then the monopoly on mail would be lifted for a minimum period of five years.

This particular proposal was prompted largely by the collapse of the postal service last summer when the Post Office was very understaffed. Since then the service has been improving, as Sir Keith acknowledged in the House of Commons—but not enough.

In April and May this year the Post Office delivered 80 and 87 per cent of first class mail the following day.

Although the postal unions opposed the proposals most of the users' organisations welcomed them. Mr Michael Corby of the Mail Users' Association said he was delighted with them as they were largely in line with what his organisation had been campaigning for and he agreed that it was right for the Post Office to retain the basic latter monopoly.

There is also little room to bid savings elsewhere since the cash limits already apply a squeeze on civilian pay costs, and there are firm commitments on service pay and manpower.

Moreover, the Ministry of Defence has not been slow to point out that, if price rises are higher than those assumed in the cash limits, this may force further cuts in the volume of spending. The result could be that the UK's commitment to NATO to a 3 per cent annual rise in defence spending in real terms might be undermined.

All this provides the ingredients of some hard bargaining and difficult decisions over the action that should be taken about last year's overspending and the question whether any adjustment should be made to this year's cash limits.

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New Edition 18 July 1980

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UK NEWS

LABOUR

حزب العمال

Political broadcast 'based on a lie'

By Our Labour Staff

MR. BILL SIRS, general secretary of the Iron and Steel Trades Confederation, yesterday attacked a Conservative Party political broadcast on television on Wednesday night for being based on a "scandalous lie".

Mr. SIRS accused Mr. Jim Prior, Employment Secretary, of wrongly suggesting, during the broadcast, that the closure of Shotton steel works in North Wales was the result of a high pay claim.

"That was a blatant lie," he said. BSC decided to close iron and steelmaking at Shotton Works long before any pay claim was submitted. The closure decision was based on its steelmaking being the older, slower open hearth method.

"Jim Prior must have known this. If he did not, he should sack his advisers."

Mr. SIRS added, "British steelmen are, in fact, the lowest paid in Europe and have been for many years. Only in France's Spain, where real trade unions did not exist, has the price of a steelman's labour been lower."

"This ceased to be the case in 1976 when the average earnings of even the Spanish surpassed those of the British steelman."

WOMEN workers yesterday occupied the Adams Fashions factory in Sunderland. Management wants the women to forego some of their holiday pay because it says they were paid too much last year. The idea was rejected in a ballot at the factory earlier this week.

Nick Garnett reports on the musicians' long-running dispute
Talks to save Proms resume

REPRESENTATIVES of the Musicians' Union and the BBC are due to meet officials of the Advisory, Conciliation and Arbitration Service today in an attempt to prevent the cancellation of the whole series of this year's Proms.

This followed an intervention yesterday into the dispute by the science and arts select committee of the union and the BBC, together with Lord Goodman, provided information on how they believed the Proms could be saved.

A previous proposition by Lord Goodman—that business sponsorship should be provided to support this year's Proms in view of the dispute—was discussed.

So too was a proposal from Sir Adrian Boult, a former Proms

conductor, that the concerts be recorded for transmission when the dispute was settled.

The two sides in the dispute, which is over the BBC's disbandment of five of its orchestras, were attempting yesterday to see if something could be salvaged out of the two proposals, neither of which is apparently acceptable to both sides.

There still appeared to be wide differences between the BBC and the union, however, and there has been no commitment from either of them on any specific issue for today's talks.

The union said last night that any proposal acceptable to it would not involve the BBC having any involvement in, or rights arising from this year's Proms.

The union also wanted any recordings to be made by an independent organisation or company determined jointly by the Arts Council, the union and the Association for Business Sponsorship of the Arts.

The use of the recordings would be a matter of negotiation with the union and would not necessarily be confined to the BBC. The union stressed that this did not form a commitment but simply a willingness to discuss.

It also emphasised that it was going to ACAS to discuss only the Proms.

Sir Ian Trethowan, BBC director-general, said: "We are willing to enter into any discussion which might lead to the savings of the Promenade concerts to be enjoyed by Promotees and the World-wide listening audience."

"We share the committee's hope that discussions might lead into negotiations for a settlement of the dispute as a whole."

The BBC has already cancelled tonight's Proms and those for Saturday and Monday, as a result of the seven-week strike by the union.

The BBC is disbanding the five orchestras as part of a two-year £130m cost cutting programme although it has recently made some compromise proposals which it says will save more than 40 of the 130 jobs that will be lost as a result of losing the orchestras.

The union is putting on an alternative concert at the Wembley conference centre to-night and has plans for a further 18 concerts.

Scargill pit closures claim challenged

By John Lloyd, Labour Correspondent

MR. ARTHUR SCARGILL, the president of the Yorkshire area of the National Union of Mineworkers, was yesterday challenged by fellow members of the NUM executive to provide evidence for his charge that the National Coal Board has earmarked for closure 12 pits in the north-east area.

Mr. Scargill said that if the NCB issued a categorical statement that it did not intend to close pits in the north east, he would withdraw his charge. He said he would assume his allegation was valid if there was no response from the Board.

The NCB later declined to comment, though it drew attention to the speech by Sir Derek Ezra, the NCB chairman, to the NUM conference last week, in which Sir Derek denied that there was a closure list and said all closures had in go through agreed joint procedures.

The NUM is to call on mining unions throughout the world to convene a conference on peace and détente, the first of its kind.

Mr. Joe Gormley, the NUM president, said after the executive meeting yesterday the aim was to create a pressure group within the trade union movement.

"The situation today is more frightening than ever. We have to give to our members a sense that we are doing something. I would like to get something going before I lay down the cudgels (retire)."

The NUM has told the NCB that it wants to see the £22m subsidy paid by the Board to keep down the price of UK coking coals accounted for centrally by the NCB.

NUPE seeks talks on school meals

By PAULINE CLARK, LABOUR STAFF

THE National Union of Public Employees yesterday called for an urgent meeting with Mr. Mark Carlisle, Education Secretary, because of concern over the "serious social consequences" of cuts in the school meals service.

Union anger over Government policy on school meals has mounted after Dorset education authority's decision earlier this week to axe school meals for the under-12s and make 700 staff redundant.

A union deputation led by Mr. Alan Fisher, general secretary, plans to tell the Government that some 30,000 low-paid workers could lose their jobs by September because of school meals price rises and cuts.

And the union said yesterday that a group of its sponsored MPs would meet Government leaders next week when it will launch a campaign to protect the service.

Mr. Rodney Bickerstaffe, the union's local government national officer, said yesterday NUPE was "up in arms about

the issue because of the damaging effects on unemployment and on women's employment in particular."

He said it would not only be school meals staff who would suffer but also working mothers of school children who would have to give up their jobs to provide meals and supervision for their children.

"The policy is a further attack on women from a Government which has already said a woman's place is in the home," added Mr. Bickerstaffe.

NUPE believes the social effects of the cuts will be wide ranging because school meals staff often come from low-income families. Many are married to other public service workers whose jobs are also threatened by local authority cuts.

The union, which represents about half of the 300,000 school meals staff says there has already been a 50 per cent drop in the demand for school meals since prices were raised to 45p in most areas last April.

£5bn Trident decision condemned

By PAULINE CLARK, LABOUR STAFF

Workers' Union last night condemned the Government for being "irresponsible" in deciding to spend £5bn on the Trident nuclear weapons system.

A resolution passed by the union's public services national trade group committee deplored the Government making its defence decision "while forcing local authorities and Government departments to make expenditure cuts which deprive the handicapped and the old of social services and home-help, and children of facilities for children."

Mr. Mick Martin, national secretary of the TGWU's public services group, said that thousands of TGWU members were bawling their jobs put at risk and public services were being cut.

ASTMS 'victory' after ballot by research staff

By PAULINE CLARK, LABOUR STAFF

THE Association of Scientific Technical and Managerial Staffs claimed yesterday a "major victory" in the Blue Circle cement and building industries concern following a ballot on union representation among the company's research staff.

After a 70 per cent vote in favour of ASTMS against the British Cement Staff Association in a ballot of 115 research staff, the union won representation in grievance procedures.

The ASTMS has a long history of rivalry with the staff association which is not affiliated to the TUC.

The association arose out of the original Blue Circle Staff Association which became

known four years ago for being the first to have an application for a certificate of independence rejected under the Employment Protection Act.

Mr. Les Charman, general secretary of the now registered British Cement union with 3,500 members of which 3,000 are in Blue Circle, said ASTMS was not recognised for bargaining purposes and had made "only minor inroads" in the company.

Merger overtures from ASTMS continue to be "under active consideration". An eventual merger is thought unlikely however, following overwhelming rejection of TUC affiliation in a staff ballot in 1977.

Unions claim bigger London allowance

By Our Labour Staff

CIVIL service unions have claimed an increase of 30.2 per cent in the allowance paid to staff working in London.

The claim, which is being studied by the Civil Service Department, is based on the published index on the extra cost of living and working in the capital. It seeks to increase the present weighting allowance for inner London from £780 to £1,016.

The unions fear the Government may refuse to have the claim taken to arbitration if a much lower offer is made, a response made to other claims in recent years. They accused the Government several times recently of breaking arbitration and other agreements.

A battle against sodden links

THE 109th Open Championship got under way at Muirfield, Scotland, yesterday under some of the vilest conditions that one could remember for many years.

There was little wind to drive the rain. It came down "like stair rods," and was still doing so yesterday as a third of the field battled out on the sodden links.

Ben Wright reports on the 109th Open Golf Championship at Muirfield.

As Gerald Micklem, one of the great characters and champions in post-war British golf, said to me in mid-afternoon: "If the fellows out there have the equipment to keep going in terms of waterproofs and heart, the conditions are not too difficult."

These were fairly prophetic words, since the world's leading golfer, Tom Watson, held the lead with a three-under-par first round of 63 that left him one stroke ahead of a trio comprising the number one young British hopeful Nick Faldo; the aspiring Argentine Vicente Fernandez; and the kind of character who always seems to emerge on the first day of this championship, Glenn Ralph, 24, a totally unknown assistant professional from Bognor Regis.

This trio was handily placed at 69, whereas the first man on the golf course the anonymous but highly talented Mark Hayes from Oklahoma, who has the single-round record for the event after his 63 at Turnberry in 1977, is the only other player below par of 71, at one under par 70.

Of many other great players

involved the defending champion, Seve Ballesteros, and 1969 champion Tony Jacklin are both in on 72. The legendary Jack Nicklaus is by no means out of it at 73, but Gary Player and Johnny Miller have gone themselves no good at all with rounds of 77 apiece.

Watson was magnificent yesterday, and this was in no small measure because he played a lot of golf last winter in Kansas City. It was not only very wet but insidiously cold throughout the day.

Watson hit only two bad drives, at the second and third holes. He was bunkered at the 379 yd third hole, and played an exquisite recovery 2 ft from the hole for the kind of unlikely birdie that inspires gentlemen of such unbelievable talent.

He promptly hit a six-iron shot one-and-a-half feet from

the hole at the 181 yd fourth for another birdie, and thereafter was not about to give up such a favourable position. He was majestic as we have come to expect, and now has a real favourite's chance.

Faldo had considerable inspiration with Nicklaus alongside him, and thankfully reacted in exactly the right manner. His swing was by no means certain, but his putting was quite phenomenal.

Nicklaus never got going because he was underdressed for the occasion for the first nine holes, and thereafter rather out of sorts. This is very often the case with Nicklaus when the greens are slow. He is so much a better player when the pace of fairways and greens is in the opinions of others diabolically fast.

First auction at Sotheby's new Chester showroom

By ANTONY THORNCROFT

YESTERDAY Sotheby's held its first auction in its new saleroom in Chester — Sotheby Beresford Adams. A furniture sale totalling £57,878 with English provincial dealers very active.

G. A. Hughes, a local dealer, paid £2,800 for a Regency mahogany breakfast secretaire bookcase; Smith the Rink from Harrogate secured a George III rosewood clyder bureau for £2,600; and Bishop, of Henley-on-Thames, paid £2,400 for a George III mahogany bow-front

secretaire bookcase. Meanwhile in London a Sotheby's work of art sale had its problems, especially among the terracotta figures. The sale totalled £32,775 with 29 per cent bought in. Top price was the £15,500 from C. Humphris, a London dealer, for a 16th-century Paduan bronze oil lamp.

The Galerie Neuse of Germany secured an Austrian polychrome wood diptych of 1587 for £12,000 and the same sum was paid for a Florentine bronze bull of around 1600.

Money supply rises by £398m

By PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply rose by £398m, or 0.7 per cent, after seasonal adjustment in the month to mid-June. In the first four months of the current target period in February sterling M3 has risen at an annual rate of just over 11 per cent.

The more narrowly defined money supply, M1, fell by £296m, or 1.1 per cent, last month. Most of the decline was

in the non-interest bearing component.

The main expansionary factors remain bank lending (up £240m) and central Government borrowing (£1.41bn). These were only partly offset by sales of central Government debt, mainly gilt-edged stocks, to the non-bank private sector of £894m last month.

Consequently, domestic credit expansion was again high at

£1.35bn, seasonally adjusted, compared with £1.14bn previously. In addition, there was a further rise of £180m in bank acceptances held outside the banking system which are not included in the main monetary statistics.

The increase in domestic credit was substantially offset by external and foreign finance outflows of £821m last month. This follows an erratic inflow in the previous month.

GROWTH OF MONETARY AGGREGATES (£m)

	MONEY STOCK M1	STERLING M3	BANK LENDING	DOMESTIC CREDIT
	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted
1979				
July 18	+ 598	+2.2	+ 449	+0.9
August 15	+ 133	+0.5	+ 751	+1.4
September 19	+ 180	+0.7	+ 363	+0.7
October 17	+ 814	+3.0	+1,004	+1.9
November 21	+ 419	-1.5	+ 547	+1.0
December 12	- 98	-0.4	+ 42	+0.1
1980				
January 16	+ 49	+0.2	+ 492	+0.9
February 20	+ 410	-1.5	+ 274	+0.5
March 19	+ 303	+1.1	+ 252	+0.4
April 16	- 103	-0.4	+ 167	+0.3
May 21	+ 114	+0.4	+1,199	+2.1
June 18	- 296	-1.1	+ 398	+0.7

* Private sector in sterling including Bank of England issue department holdings of commercial bills. Source: Bank of England

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At first sight, the X-Press Callmaker looks like a normal press-button phone.

In fact, you can use it as one.

What's different is it can memorise telephone numbers for you as well as doing most of the work of getting them.

All you have to do is programme up to ten of the numbers you call most into the X-Press. Then, to call any one of them, you simply press two buttons and the X-Press does the rest.

Which is a real boon when you're calling those long international numbers.

All in all, the X-Press can save you a lot of time and blistered fingers. It can increase your productivity and lengthen your temper.

And it won't bankrupt you, either.

So as long as you've a line already the X-Press costs no more than £5.00 to install and another

£7.00 a quarter in rental (plus VAT in each case).

If you're in a business where you're forever ringing the same few numbers, the X-Press is a must for you.

So do remember to clip the coupon or call the operator and ask for Freefone 888 for more information.

To: Mrs. Jo Bogart,
Ref. RCS2.5.5.1, British Telecom, FREEPOST, London EC4B 4TS.
I am interested in the X-Press Callmaker.

Name _____
Address _____
Postcode _____
Phone Number _____
British TELECOM part of the Post Office



APPOINTMENTS

N. M. Rothschild & Sons Limited
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Portfolio Manager

N M Rothschild Asset Management Limited, the wholly owned investment management subsidiary of the above, wishes to recruit an experienced executive for its Investment Department. The role, which will be based in London, but may include substantial international travel, will involve the management of fixed interest multicurrency portfolios as part of a highly professional team of people working in this area.

The individual, who will probably be aged between 24 and 28 and who will have some experience in the currency and fixed interest field, will have a good University Degree, a competent knowledge of international fixed interest markets, and an ability to communicate views both to colleagues and to clients.

The post will be attractively remunerated in a challenging environment.

Please write with full details of career to date to:
Personnel Director, N. M. Rothschild & Sons Limited,
New Court, St. Swithin's Lane, LONDON EC4P 4DU.



COMPANY NOTICES

TRANSVAAL GOLD MINING COMPANIES
ADMINISTERED BY ANGLO AMERICAN
CORPORATIONINTERIM DIVIDENDS—FINANCIAL YEARS
ENDING DECEMBER 31 1980

On July 17 1980 dividends were declared in South African currency, payable to members registered in the books of the undermentioned companies at the close of business on August 1 1980 and in respect of the period from January 1 1980 to the end of the financial year. A notice regarding the payment of dividends is being issued by the South African Land & Exploration Company Limited and will be published in the press by the London Secretaries of that company on or about July 25 1980.

The dividends are payable to members registered in the books of the undermentioned companies at the close of business on August 1 1980 and in respect of the period from January 1 1980 to the end of the financial year. A notice regarding the payment of dividends is being issued by the South African Land & Exploration Company Limited and will be published in the press by the London Secretaries of that company on or about July 25 1980.

Name of Company	Dividend	Rate of dividend per share
The South African Land & Exploration Company Limited	70	35 cents
Val Reefs Exploration and Mining Company Limited	40	620 cents
Western Deep Levels Limited	37	499 cents

EAST DARGAFONTAIN MINES LIMITED
The directors of East Dargafontain Mines Limited have decided not to declare an interim dividend in respect of the financial year ending December 31 1980.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
The directors of Anglo American Corporation of South Africa Limited have decided not to declare an interim dividend in respect of the financial year ending December 31 1980.

GESTETNER HOLDINGS LIMITED
The Directors today declared an interim dividend in respect of the financial period ending 1st November 1980 of 10% (2.5p per share) payable on 15th September 1980 to dividend shareholders registered at the close of business on 18th August. Capital shares will be allotted on 29th August to capital shareholders and despatched on 26th September.

Holders of bearer stock should lodge Coupons 110 with Barclays Bank Limited (Securities Services Department), 54 Lombard Street, London EC3P 3AH. Dividend shareholders should lodge three clear days before 15th September for dividend. Capital shareholders should lodge (with allotment instructions) on or after 15th September for new capital shares.

Tottenham, N17
16th July, 1980
J. A. BARNETT
Secretary

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948
AND IN THE MATTER OF THE COMPANIES ACT 1948
CREDITORS' VOLUNTARY WINDING-UP
NOTICE IS HEREBY GIVEN, in pursuance of Section 300 of the Companies Act 1948, that a General Meeting of the above-named Company will be held at the offices of Lawrence Garrett & Co., Adam House, 14 New Burlington Street, London, W.1 on the 15th day of August 1980 at 11 o'clock in the forenoon for the purpose of having an account laid before the Members showing the manner in which the winding-up has been conducted and the property of the Company disposed of, and of hearing any explanation that may be given by the Liquidator. A Member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

AND NOTICE IS ALSO HEREBY GIVEN, in pursuance of Sections 300 and 341(1)(b) of the Companies Act 1948, that a General Meeting of the above-named Company will be held at the offices of Lawrence Garrett & Co., Adam House, 14 New Burlington Street, London, W.1 on the 15th day of August 1980 at 11 o'clock in the forenoon for the purpose of having an account laid before the Members showing the manner in which the winding-up has been conducted and the property of the Company disposed of, and of hearing any explanation that may be given by the Liquidator. A Member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

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UK NEWS — PARLIAMENT and POLITICS

PM under pressure on ICL contract

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER came under heavy pressure in the Commons yesterday to award the big order for the Inland Revenue PAYE computer to the British company, International Computers Limited, and not let it go to a foreign competitor.

Mrs. Thatcher cautiously told MPs that the Cabinet had still not made up its mind on the subject. This brought a demand from Mr. James Callaghan, the Opposition leader, that the Government should stop "dithering" and come to a rapid decision.

There has been great concern among MPs that the delay over the contract could mean that the Government is considering throwing the order open to foreign bidders. There has been particular worry over the possibility that it could go to IBM, the American company.

The total contract is worth £150m, and of this £60m will go to ICL. The order involves



Callaghan: "The Government should stop dithering"

20,000 visual display terminals at 60 district tax offices.

A total of 125 MPs have now signed a Labour motion in the Commons calling for the system to be awarded to ICL and 38 have given their backing to two similar Conservative motions.

During Prime Minister's Question Time yesterday, Mr. James Hill (C., Southampton Test) reminded Mrs. Thatcher that Sir Michael Edwards, BL chairman, had made a plea for people to buy British and that in a Commons debate last week many MPs had urged the nationalised industries and local authorities to do the same.

"Isn't this one way the Government can help some of our industries," he asked.

The Prime Minister agreed that the Government had a public purchasing policy to buy British wherever possible. But she reminded the House that the goods also had to be of supreme value.

She emphasised that the Government's purchasing policy could assist companies to launch goods—particularly sophisticated technological products—that they might not be able to manage from their own resources.

In view of her answer, Mr. Callaghan wanted to know why the Cabinet at its meeting on Wednesday did not take the decision to award the PAYE contract to ICL.

Replied the Prime Minister: "You will not succeed in busting me. This matter is still being considered. We are actually investigating it thoroughly, unlike the previous Labour Governments."

"There are many computer firms here. We have to get the right computer for the job."

The Prime Minister was also questioned about reports that the Indian Government had decided to reduce the number of Jaguar military aircraft which it originally intended to buy from Britain.

Mr. Edward Gardner (C. South Fylde) said this was a matter of deep concern for those working for British Aerospace in his constituency.

"We can ill-afford to lose orders of this magnitude from the Machiavellian pressures applied by other nations on the Indian Government," he said.

Mrs. Thatcher told him that Ministers were very concerned about the terms of the announcement from the Indian Government.

A memorandum on understanding between Britain and India laid down the terms for any variation in the Jaguar contract. It stipulated that it was a matter on which there had to be consultation.

"That clause has not been invoked," she said. "If there was any suggestion of a change in the contract we would expect the Indian Government to involve it."

Move on
overcoming
liquidity
problems

By Ivory Owen

LONGER-TERM provision to help companies overcome liquidity problems arising from the drawback of stock relief may be introduced by the Government next year.

This prospect was held out by Mr. Nigel Lawson, the Financial Secretary to the Treasury, in the Commons last night during further debate on the report stage of the Finance Bill.

He assured MPs that consultations on the Green Paper on corporate taxation, due to be published later this year, will be completed in time for legislative action to be taken in the 1981 Finance Bill.

Government amendments providing immediate, though limited, relief through easing the restrictions on the deferral of drawback so as to take account of an involuntary rundown of stocks were approved without a division.

In its original form the Bill provided that the right to defer drawback should be restricted by reference to the net indebtedness of a business.

As a result of the amendments, the rule will be that relief for "temporary dips" in stocks will be restricted on account of net indebtedness only where the net amount of the recovery charge is more than £100,000.

Mr. Lawson estimated that the change would reduce the number of companies affected by the credit restriction from perhaps 30,000 to 40,000 to something in the region of 1,000.

Inquiry
into tax
powers

By David Marsh

AN INDEPENDENT inquiry into the tax enforcement powers of the Inland Revenue and Customs and Excise is to get under way shortly.

The Government yesterday announced that Lord Keith of Kinkaid, a Scottish Lord of Appeal, will chair a five-man committee looking into the powers of the two tax-gathering bodies.

The original announcement of the setting up of the committee was made in February in line with the Conservative Party's election manifesto pledge to examine the departments' methods of detecting tax evasion.

The areas that the committee will be examining have acquired an additional controversy: after last year's Inland Revenue raids of premises connected with the Rössminster group of companies, which devised and marketed tax avoidance schemes.

The committee has no specific working timetable and is expected to take some time to come up with recommendations for the Government. It will, however, shortly be making known the arrangements for interested parties to submit representations.

Mr. Peter Rees, Minister of State at the Treasury, said in a Parliamentary written answer yesterday that the committee would be examining whether the departments powers were suited to their purposes.

It would take account both of the need to ensure compliance with the law and of the need to avoid excessive burdens on taxpayers.

The tax enforcement powers to be reviewed would include the powers of investigation into the accuracy of returns, and the degree to which officials could call for information and documents. The committee would also be investigating powers relating to cases of fraud, willful default or neglect and reckless evasion.

But the committee would not be looking into the ordinary processes of collecting outstanding tax and the charging of interest on these amounts, Mr. Rees said.

Heseltine's attempt to penalise town
hall overspenders under criticism

BY ROBIN PAULEY

ATTEMPTS BY Mr. Michael Heseltine, Environment Secretary, to identify local authorities which he thinks are overspending have now run into so much difficulty that all the department's previous calculations have been turned upside down, Mr. Jack Smart, leader of the Association of Metropolitan Authorities, said yesterday.

At the same time the Government's figures showed that it was central Government spending which was going out of control and not local government.

The latest Treasury figures showed central government borrowing in the first three months of 1980-81 to be £4.5bn, almost half of the total of £9.3bn which the Budget predicted for the whole of the 1980-81 financial year.

This was the result of central Government overspending estimates, particularly on defence, and had nothing to do with local government spending, Mr. Smart said.

Earlier in the year Mr. Heseltine used two calculations as a test of high spending by councils. One compared their planned spending with the assessment of

their need to spend contained in the year's rate support grant settlement.

The second compared the rate which each authority faced for 1980-81 with the Government's notional uniform rate of 11.9p, adjusted to eliminate statistical anomalies particularly regarding London.

On those bases Newcastle overspent by 24 per cent on the expenditure test and by 50 per cent on the uniform rate. Camden overspent by 107.5 per cent on the first basis and 123 per cent on the second.

In contrast, the figures for Leeds showed underspending of 7.5 per cent and 15 per cent respectively. And Croydon figures showed underspending of 8.7 per cent and 13.5 per cent.

The Government then asked all local authorities to resubmit their budgets for 1980-81 because of the danger of an overspend on current expenditure. It gave each authority the figure it should be aiming to spend to 1980-81 in order to achieve a 2 per cent reduction on the actual expenditure of 1978-79, the Government's target. On this basis previous



Heseltine: in a hopeless position

overspenders are now being shown to be doing well and previous underspenders do worse.

On the new test Newcastle is overspending by only 5.8 per cent but Leeds is overspending by 6.5 per cent and is being asked to make a "bigger" cut than

Newcastle. Camden is now seen to be overspending by 22 per cent on the first basis and twice as bad at 44 per cent.

The Government is known to be very embarrassed by these figures which are the latest in a long series of misjudgments based on the data and statistical principles being employed by the Environment Department which have been attracting growing criticism inside and outside Government.

The latest muddle again emphasises the hopeless position into which Mr. Heseltine finds himself over his vow to penalise the worst overspenders this year. An announcement of those to be penalised—not more than 20—has been delayed more than once and is not now expected before September.

But the more calculations the Environment Department does, the more inconsistent the results; councils at the top of one overspending list are at the bottom of another.

Many civil servants feel the best way out is to drop the idea, but that would represent a political climbdown which the Cabinet and many Tory backbenchers would be unlikely to tolerate.

St. John Stevas to investigate
claim of secret PAC meeting

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LEADER of the Commons is to investigate an accusation that the Public Accounts Committee met in secret to give Sir Charles Macfarlane, chairman of Rolls-Royce, an opportunity to refute the allegations made against the company by Mr. Jeff Rooker (Lab. Perry Barr).

Mr. Robin Maxwell-Hyslop (Con. Tiverton) told the Commons yesterday that without informing the House, the PAC had chosen to sit in private and out for the purpose stated on the Order Paper.

He said that according to the Order Paper, Wednesday's meeting of the committee was to examine cash limits and the witness was to be Sir Anthony

Rawlinson, second permanent secretary to the Treasury.

Mr. Maxwell-Hyslop, a leading backbench expert on Parliamentary procedure, said he attended the committee because he guessed that its true intention was not that which had appeared on the public notice.

He said it was really to "secretly examine" Sir Charles and give him the opportunity to refute the "untrue and disgraceful" allegations against Rolls-Royce by Mr. Rooker.

By exhibiting a false notice of his proceedings, he maintained, the committee had prevented the attendance of many MPs who would have liked to hear Sir Charles.

Mr. Michael Foot, Labour's Shadow leader of the House, backed up Mr. Maxwell-Hyslop and said that MPs had a right to know what was going to occur before a committee.

Mr. Joel Barnett (Lab. Heywood and Royston), who is chairman of the PAC, emphasised that Mr. Maxwell-Hyslop had not been ejected from the committee but had left voluntarily and returned later.

The Leader of the House, Mr. Norman St. John Stevas, agreed that the issue was extremely important. He said: "I will look into this matter to see if there is something that is wrong and needs to be put right."

No plans to change charities law

BY ROBIN PAULEY

THE GOVERNMENT does not intend to change the law relating to charities in spite of some pressure for it to do so. Mr. Timothy Raison, Minister of State at the Home Office, said yesterday.

The present law on charities was based on a statute dating from 1601 which listed charities under four headings:

- advancement of education,
- advancement of religion,
- other purposes beneficial to the community.

The Charity Commissioners and the courts decide whether any particular activity qualifies.

The Goodman Committee, which examined charities and their status, felt the classification should be replaced by a set of guidelines listing the principal activities which should be charitable.

Mr. Raison said the problem with this was that it would not be exhaustive. In any case, most charities that now qualify would still qualify, but legislation might result in inflexible rules instead of the present system which allowed account

to be taken of any special developments.

Mr. Raison said he did not think there was much support for making all non-profit making activities charitable, and there were special difficulties involving political activity. It was important to avoid political parties emerging at home or overseas, camouflaged as charities.

Mr. Raison emphasised that he was not saying there was nothing more to discuss about charitable status. But the arguments for new legislation were not yet convincing.

Volunteers
could fill
vital role

By John Hunt, Parliamentary Correspondent

MR. GEORGE GARDINER (C. Reigate) suggested in the Commons yesterday that unemployed school leavers who volunteered for community service could be used to help essential services, such as hospitals, running in the event of a strike action.

The Prime Minister agreed that many school leavers wanted to do community work. "They expect to see essential services kept going," Mrs. Thatcher added. "If the time came when they were not, then young people would be the first to lend a hand."

Nick Garnett, writer of the Commons debate, said that use of civilian volunteers as "monstrous" nonsensical and unworkable.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers said their use would be counterproductive. The National Union of Public Employees said using volunteers in this way would jeopardise long-standing union agreements to maintain emergency services during industrial disputes.

On a separate issue, the National Council for Voluntary Organisations has told the House of Lords Select Committee on Unemployment that unemployed people of all ages should be free to undertake voluntary work if they wish.

Parliament
next week

COMMONS

Monday: Debate on Opposition motion on "The Government's damaging policies towards publicly owned and supported industries." Debate on Mr. Selous, Pensions and Allowances.

Tuesday: Criminal Justice (Scotland) Bill. Northern Ireland (Emergency Provisions) Act (Amendment) Order. Debate on Third Reading Civil Aviation Bill. Criminal Justice (Scotland) Bill. Northern Ireland Orders on Security. Treatment of Offenders, and on Criminal Justice and Armed Forces (Consequential Provisions) Bill. Debate on the Coal Industry (Borrowing Powers) Order.

Wednesday: Debate on European Affairs. Highways (Road Humps) Bill, second reading. Ground Game Bill, second reading.

Thursday: Legal Advice and Assistance (Prospective Costs) Regulations. Broadcasting Bill, second reading.

Friday: Debate on EEC documents on New Zealand butter, and on Protection of Workers from harmful exposure to metallic lead compounds.

LORDS

Monday: European Bill, report stage. Debate on European Communities (Community Supplementary) Order.

Tuesday: Debate on Pensions Expenses. Harbour Order. Confirmation Bill. British Railways Order. Confirmation Bill.

Wednesday: Debate on European Affairs. Highways (Road Humps) Bill, second reading. Ground Game Bill, second reading.

Thursday: Legal Advice and Assistance (Prospective Costs) Regulations. Broadcasting Bill, second reading.

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U.S. Presidential candidate John Anderson meets Mrs. Thatcher at No. 10 Downing Street

UK NEWS

'Fed' beer ready for assault on Southern clubs

A BILLBOARD at Newcastle station proclaims the message: "You are now in Newcastle - the Home of Northern Clubs Federation Brewery." To the arriving passenger from the distant south, the name will probably mean nothing.

Yet this little known brewery, dubbed the "Fed" in its native north-east, is already sounding alarm bells in the boardrooms of larger brewers around the country. For years it has been making profits at Scottish and Newcastle, the leading brewer in the area. The company has just opened a new brewery with capacity to produce more than the expected growth of the whole UK beer market over the next few years. The new beer will be sold at prices which undercut, at times drastically, those charged by the leading brewing groups.

Familiar

The Fed's obscurity is not principally a result of its size. At the old Newcastle brewery it produces 500,000 barrels a year - more than such familiar names as Greene King, Wolverhampton and Dudley or Bodingtons. Until now, however, it has distributed almost exclusively within the north-east, and then overwhelmingly to the club market. South of the Wash, Fed beer is familiar mostly to sportsmen and politicians. It is the best-selling beer in the House of Commons bar (and Sir Harold Wilson's favourite ale) and also does a roaring trade at the National Theatre. Increasingly, however, it will appear nationally, in clubs, which represent at least a fifth of all beer sales. The Fed is still run on the principles established by its founders in 1919. Its shareholders are the clubs themselves, which receive a dividend in proportion to the amount of beer that they buy - the current rate is £4.50 per barrel. The clubs also elect a nine-member board of management from whose ranks the chairman is drawn.

The brewery's assault on the market share of the major brewers is centred on its new £20m. brewery at Dunston-on-Tyne, close to the A1. From there the Fed will distribute its beer nationally through a network of depots. Initially, the 10,000 barrels a week, replacing brewery will produce only the output of Newcastle operation - but 20,000 barrels could be produced without difficulty and a modest addition of plant could double even that figure.

Day-to-day management of the Fed rests with Mr. W. L. Hutchinson, who has been its general secretary for 20 years. He says that the company has already made progress in the Lancashire and Cheshire area, while inquiries are streaming in from other counties, notably Northamptonshire. Emphasising the extent of the Fed's ambitions, agents have already been appointed for Cornwall and the Thames Valley.

The Fed has several strong cards to play. Its new brewery is highly efficient. It has little need to advertise and its shareholding structure works in favour of the client clubs. Almost all the money borrowed to finance the brewery has now been repaid, although further

John Makinson takes a look at an unusual brewery with plans to undercut and outsell its worried competitors.

expenditure of perhaps £10m will be needed to transfer the packaging operations. This leaves the Fed with a very competitive cost structure, which enables it to undercut other brewers by around 2p or 3p per pint at club bars.

It is no coincidence that beer prices in the North-East are the lowest in the country and that Scottish and Newcastle has found the going tougher than any of its national competitors over the past few years. Over the bar prices vary from club to club, but they range on average from 33p for pale and mild ale to about 40p for low carbohydrate lager.

Mr. Hutchinson believes that, with his new distribution network, he can sell beers to clubs in the south for only 1p or 2p more per pint than his prices in the north-east. Since prices in London, for example, can be up to 10p higher than in Newcastle, the Fed's competitive edge could actually increase.

The Fed will not find the going easy, however. The leading brewers are fully aware that the UK beer market is showing virtually no growth and that the expansion prospects are probably most favourable in the club market.

Free of the shackles of the Price Commission, they are able to institute regional pricing policies to meet the Fed's challenge, even if this means accepting short-term losses. Mr. Hutchinson believes that they are also resorting to more devious tactics. He cites the example of one club in the north-east which was offered £25,000 by a competing brewer, merely to keep a lager, which in any case it had no intention of dropping. Brewers are also competing with one another to offer clubs attractive loans and rebates.

The Fed has long adopted a policy of granting its clubs interest-free or heavily subsidised loans. At current interest rates, it is paying banks not far from £1m a year to service these liabilities. At a time when its competitors are squeezing margins and cash reserves have been drained by the new brewery, this is an uncomfortable burden.

Problems

The Fed will also have to familiarise itself with drinking patterns elsewhere in the country. It produces two lagers, neither of which has been rapturously received, and this may prove a weakness outside the north-east, where little lager is drunk.

Finally, labour problems could severely undermine the Fed's expansion drive. Last year, a 54-week strike clipped sales back by around £7m to £28.4m and the company is still recovering. Despite all the obstacles, Mr. Hutchinson remains optimistic about the Fed's prospects. A dour man, he takes no pleasure in the anxiety that he is clearly causing his competitors. They, in turn, derive little pleasure from the Fed.

Cathay Pacific starts Hong Kong service

CATHAY PACIFIC Airways, the independent Hong Kong-based airline, yesterday broke British Airways' 30-year monopoly on the London to Hong Kong route with the start of a three times a week jumbo jet service from Gatwick.

The inaugural flight, which was fully booked, marks the operational start of the "open sides" policy on the London to Hong Kong route launched by Mr. John Nott, Trade Secretary, last month.

Mr. Nott said Cathay Pacific Airways, British Caledonian Airways and Laker Airways would all be allowed to bid freely for traffic on the route previously dominated by British Airways.

Mr. Duncan Bluck, chief executive of the airline and deputy chairman of the British Swire group which owns Cathay Pacific, said yesterday that not enough passenger traffic would be generated to support all the competing airlines.

"One of the airlines will not do too well - and it will not be Cathay Pacific," he said. "Hong Kong has very few cheap hotels or appeal to the low-fare passenger traffic expected from British Airways and British Caledonian ultra-low, £99 non-bookable fares."

It was "misleading" for these airlines to encourage low-fare passengers.

L'ORÉAL

ANNUAL GENERAL MEETING 30 JUNE 1980

The Annual General Meeting of shareholders held under the chairmanship of Mr. François Dalle has approved the accounts for 1979 fiscal year.

In millions of francs	1976	1977	1978	1979
Consolidated turnover	4,220	4,810	5,554	6,392
Group's net profits	196	146	211	332
Net profit per share in francs	50.57	37.81	53.89	74.95
Dividend per share in francs	10.65	10.65	15.00	19.00

L'Oréal's 1979 fiscal year has thus been a profitable year, showing a satisfactory development of turnover (+16% with comparable data) and an even more rapid increase regarding results.

For 1980, consolidated turnover should reach at least 6.5 billion taking into account the purchase of two companies: Métabio-Jouin and Sandoz, d'Hygiène, Dermatologique et Vichy.

During the Extraordinary General Meeting which followed, the shareholders have approved the takeover of L'Oréal by 99% of the capital of Société d'Hygiène, Dermatologique et Vichy, European leader of dermal products S.N.O.V. Company will be integrated into the plan made by L'Oréal. In 1980 the turnover of this department will be approximately 2 billion francs.

The 1979 Annual Report can be obtained (in French, or in English) from D. Berthier, 2-Oréal Information Financière, 41, rue Marivaux, 92117 Clichy Cedex, France.

مركز الأعمال

Group Gold Mining Companies Transvaal

(All companies are incorporated in the Republic of South Africa)

Reports of the directors for the quarter ended 30th June, 1980

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

Quarter ended June 1980

Quarter ended Mar. 1980

6 months ended June 1980

OPERATING RESULTS

GOLD

Area mined—square metres 000's

Total milled—000's

Production—kg

Cost—R/m

Cost—R/kg

Cost—R/oz

Cost—R/ton

Cost—R/tonne

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VAAL REEFS continued

Vaal Reefs Exploration and Mining Company Limited

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Quarter ended Mar. 1980

6 months ended June 1980

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S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 6 000 000 shares of 35 cents each

Quarter ended June 1980

Quarter ended Mar. 1980

6 months ended June 1980

OPERATING RESULTS

GOLD

Area mined—square metres 000's

Total milled—000's

Production—kg

Cost—R/m

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THE AFRIKANDER LEASE AREA

Afrikaner Lease Area Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

Quarter ended June 1980

Quarter ended Mar. 1980

6 months ended June 1980

OPERATING RESULTS

GOLD

Area mined—square metres 000's

Total milled—000's

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

LIGHTING

Fluorescent tube efficiency raised

ALTHOUGH IN 1979 the UK sales of fluorescent tubes were some seven times smaller than those of filament lamps (which dissipate much of the electrical input in heat), Thorn Lighting makes the point that the light produced by the fluorescents amounted to 2,400lm lumen hours—some ten times that put out by the filament types.

Improvements in the efficiency of fluorescent lamps is therefore seen as important in national terms and it has in fact, been improved from 30 lumens/watt in 1945 to about 78 lumens/watt for current standard types.

Now however, Thorn Lighting has developed units which, by using krypton gas in place of argon and employing rare earth triphosphor mixtures instead of halophosphates, are achieving efficiencies nearer to 90 lumens/watt. It is claimed, while at the same time the tube diameter has been reduced to one inch from 1.5 inches.

The new ranges will be marketed under brand names Pluslux and Polyux; both employ krypton but the latter also uses the new phosphors. Gains in efficiencies over comparable conventional types are claimed to be 10 and 20 per cent respectively.

First sales effort will be in terms of Pluslux Packs, a complete lighting fitting available in two, four and five foot lengths but with lower wattage ratings than their conventional equivalents, namely, 15, 36 and 58 instead of 20, 40 and 65 watts, the light output remaining the same. The reduced tube diameter means that the boxed unit is considerably lighter and occupies less space—nine can be stacked instead of only four in the same volume.

Packs of this kind are said to be the biggest selling light source with wholesalers and electrical contractors, with sales of perhaps 3m units a year.

The tubes on their own can be put directly into a great number of existing switch-start fittings, since they have identical pin configurations.

The second range, Polyux, offers the same electrical savings but in addition provides 10 per cent more light output.

Apart from the high price

of the rare earth phosphors used in Polyux, higher production temperatures are involved, raising costs, so that the price of the tubes is about three times that of conventional types. However, the efficiency gain goes hand in hand with a better colour rendering, says Thorn, so that the tubes should prove attractive in retailing for example. They will be available in three slightly different colour temperatures.

More from the company at Thorn House, Upper St Martin's Lane, London, WC2H 9ED (01-856 2444).

COMMUNICATION

Ensures all will get message

A SYSTEM that allows loud-speaker announcements to be made to staff from a number of microphone positions by key people or the telephone operator has been put on the market by Reliance Systems, Turnells Mill Lane, Wellingborough, Northants NN3 2RB (093322 5000).

Up to six microphones can be plugged into socket outlets on a "ring" connected to the system amplifier. Microphones have access to the amplifier on a fixed priority basis, but it is possible to interrupt an existing announcement in an emergency. The microphones would normally be desk mounted but have "limpet" backings which allow them simply to be pressed on to a wooden or metal partition or worktop. The only control is a "press to talk" button which includes an engaged lamp.

The system is called Staff-Linker and automatic volume control is incorporated to cater for loud and soft voiced users. Up to 100 low level loud-speakers can be used with one amplifier and a limiter ensures that no overload can occur even if all the speakers are on maximum output at the same time.

MARKETING

Mechanical salesmen move in

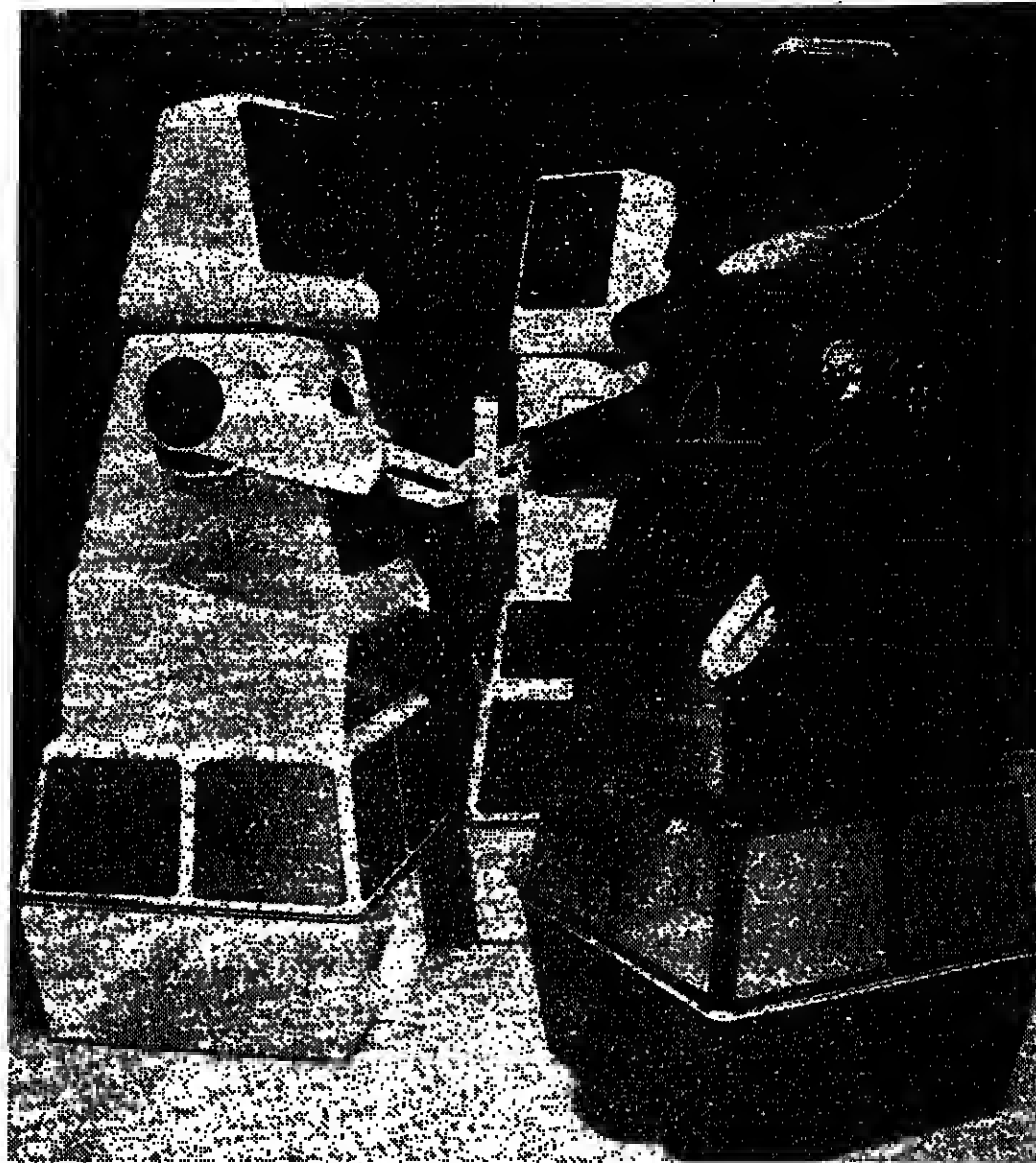
DESTINED TO be a show stopper on exhibition stands in the UK is an electronic visitor from the U.S. called the Quadracon. This walking, talking robot is small enough (about four feet high) to obviate the sinister aspects of automations and large enough to put over a company's promotional message with a touch of humour mixed with soft sell.

Radio controlled, it has three wavebands. It transmits on one hand, receives on another and is controlled by the third. There are no wires or visible signs of the robot's capacity to talk, approach or chat-up potential customers... its human operator is screened, or ensconced above the action, and visitors to an exhibition stand, seminar, etc., are completely baffled by the stylised humanoid that turns, raises its arms and issues verbal communications. The mannequin is able to move freely around an exhibition area, flash coloured lights and emit electronic sounds in the popular concept of sci-fi robots and, apart from carrying a company's livery, it can be designed as a giant product replica.

Its electronic circuitry can also be adapted to vend samples and coupons, etc., or provide animated functions to a company's product.

Product replicas have included cigarette packages, oil cans, motor car wax cans, confectionery bars—even a running shoe—says the maker, ShowAmerica.

This company started producing radio-controlled product replica robots in 1969 but, since the popularity of Star Wars and subsequent space-age movies, has developed the idea into a



Three radio-controlled robots have an earnest discussion

more acceptable concept. Purpose of providing these unique spokesmen, says the company, is to assist clients in reaching marketing and public relations objectives in more imaginative ways.

The Quadracon, however, has no home in the UK at present. Nor, at the moment, will it be

more than just a visitor to these shores. Companies interested in hiring the robot will pay something like £500 a day to use it on their show stands or in promotional ventures.

Daily rent will include an operator (human) who will be an actor or actress with a sound knowledge of the product being

advertised, plus a sympathetic and intelligent approach to catching and sustaining the interest of the general public. Robot is available in the UK and Europe from Market Shooters, 7, Hazlewell Road, Putney, London, SW15 (01-788 0490).

DEBORAH PICKERING

DATA PROCESSING

Computer-designed power unit

NEARLY ALL the design aspects, electrical and mechanical, of the multi-output open frame power supply units offered by Gresham Lion are now being dealt with by computer, making the company the first, it is claimed, to offer custom-designed units at virtually an ex-stock basis.

It even becomes possible, says the company, to treat "one-off" requests as standard items, with resultant savings in time and cost.

Software has been developed in-house and allows units with up to ten outputs to be designed

with a total rating of 100 watts. The mechanical part of the program gives an outline of the complete unit with fixing centres and terminations marked on a graphics plotter. This is sent to the customer with his quotation.

The system works with pre-programmed details of standard sub-assemblies and components which are always kept in stock. Thus, once a customer's order is received it is easy to provide a supply to the exact requirements. Even the transformer for each unit is designed automatically and since the com-

pany assembles its own transformers, a design can be produced in three working days.

No minimum quantity is involved and Gresham says it will as willingly quote for one unit as for a million. It is also claimed that prices for the supply units compare "very favourably indeed" with low imported U.S. standard types.

The company believes its techniques will transform the market by allowing users to obtain cost effective units designed to their exact electrical requirements—in a fraction of the time it took previously.

More from the company at Gresham House, Twickenham Road, Feltham, Middlesex TW13 6HA (01-894 5511).

Planning by micro

MOST MANAGERS are familiar with project evaluation and review technique—PERT—and for some time it has been possible to make the application of it easier with the aid of a mainframe computer.

The cost of such computer aid has now been reduced by Computerline which is offering a Zilog-based microcomputer together with suitable programs. With Microport a network can be loaded into the micro-

computer by someone who is not a specialist or trained programmer. Questions are asked by the computer on the VDU to which answers are typed in on the keyboard.

A number of analyses and reports can then be produced by the associated printer.

More from the company at Station Road, Addlestone, Weybridge, Surrey KT15 2PW (0932 40298).

Running neck and neck

ACCORDING TO the fourth volume of B.I.S. Pedder's Seventh Annual Computer Census, which has just been published, market leaders in the UK IBM and ICL are running neck and neck in terms of installed base, each having 29.7 per cent of the total.

This volume covers machines valued at £15,000 and above and complements Volume 3 which dealt with smaller systems and was published in May.

The new report also records

that the market for larger systems in the UK grew by 35 per cent in numbers of installations and 21 per cent in installed value during 1979. At year-end the installed base amounted to 29,346 installations valued at about £3.5bn. There were 581 different models supplied by 89 different manufacturers, it is reported.

A supplement to the census shows that of an installed base of £137m in dedicated processor-controlled data entry systems. Redifon held 21.5 per cent.

HANDLING

Materials are kept on the move

DESIGNED TO improve the flow of materials in bulk storage are pneumatically operated pulsating panels marketed by Kerry Handling, Kerry House, High Street, East Grinstead (0342 24236).

They are called Pneubin and comprise a Neoprene diaphragm which is vulcanized on all four edges to a steel plate to form an airtight cushion.

Panels are available in various standard sizes from 4 x 12 inch to 36 by 96 inch, to fit the inside of hoppers, bins, bunkers or silos and can be connected from the outside to the normal plant airline system.

An automatic valve is fitted to control the passage of air to the panel to any required frequency. As the air pressure builds up inside the panel the Neoprene diaphragm inflates and displaces the bulk material in the storage unit.

Action of the panels ensures free flow of all difficult bridging, or funneling-prone materials such as flour, detergents, sand and fertilisers, says the company.

Lifts loads fast

TWO SMALL pumping movements are now all that is required to raise loads of up to 3,306 lb clear of the ground with the Amelco 2000, hand pallet truck, says Jungheinrich (GB), Southmoor Road, Wythenshawe, Manchester (061-998 7919).

This rapid lift feature is particularly useful when moving partially laden or empty pallets in that the job is much faster and simpler, says the company.

With heavier loads (truck can handle up to 2 tons) the lift speed automatically reverts to normal, reducing the transmission ratio to ease the loading operation.

As the new fast-lift action reacts to varying pressure, the limit pressure can be altered from the normal 330 lb to suit individual applications.

HAND TOOLS

Light on the trigger

BECAUSE IT is air powered (accepting 325 ml. 84-inch long disposable cartridges), a light-weight caulking gun needs only the lightest trigger pressure for immediate operation, says DeVilbiss Company, Ringwood Road, Bournemouth (020 16 71111).

Called the Big Shot, it costs about £15 and has applications in a number of industries. Typical uses would be for window screens and window glazing, gasket forming, gluing, or grouting, ceramics and tiles, crack filling and caulking.

The gun has a large, knurled regulation valve to ensure that an even bead of material is dispensed from the nozzle, is made of high impact polypropylene, and will operate with a 3hp or larger compressor. "Air" consumption varies depending on the type and viscosity of the material being handled.

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ELECTRONICS

Three new materials

ITEMS OF interest to those assembling electronic equipment have been announced by three companies.

From Interfax of 2b Reddick Road Heath, Sutton Coldfield, West Midlands B75 7DU (021 378 2289) comes news of a silicone-free heat sink compound called 70 EDF. The company says that this material will not creep or migrate, has no effect on the conductivity of nearby electrical contacts and will not separate out when left standing. An applicator can also be supplied.

Teknis of Meadow, Godalming, Surrey GU7 3HQ (04938 5432) can now supply conductive antistatic stores known as KABL of Pottery Bar, based on polypropylene. The boxes are available in three sizes up to 235 x 140 x 127 mm and are particularly suitable for storing static-sensitive electronic devices and electro-explosive substances.

Introduced by RFI Shielding of Rayne Road, Braintree, Essex (0378 42826) is a gasket material which will prevent emission of radio interference while also providing a weather-proof seal. Called Duroseal, it is a silicone elastomer which has a fine mesh of Monel or aluminium wire embedded in it.

INSTRUMENTS

Senses from a distance

RADIATION PYROMETERS employing a dual wavelength technique, and able to tolerate a 95 per cent attenuation in the received intensity have been introduced by Leco, located in the German branch at Hobbelsstrasse 1, D-6204 Tannusstein 1, (Hahn), Federal Republic of Germany.

Known as the Modline R Series, these instruments cover the four temperature ranges: 700-1400, 900 to 1600, 1100 to 2000 and 1500 to 3500 deg C. They determine temperature from the ratio of received intensities at two adjacent wavelengths, so that any obscuration of the source due to dust, smoke, dirty viewing windows and small moving objects that do not fill the field of view will affect both frequencies identically, leaving measured temperature unaffected.

Optics, beam splitter, fibre optics mixer and a temperature controlled enclosure containing the two silicon detectors are housed in a robust case which is cable connected to an indicator/controller unit. Analogue or digital displays can be provided, together with a choice of 15 electrical outputs and a wide variety of controllers.

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(Consolidated figures)

Balance sheet total	DM 1,990 million	+ 37%
Fixed assets	DM 789 million	+ 24%
Current assets	DM 1,201 million	+ 48%
Capital and reserves	DM 397 million	+ 11%
Long term liabilities	DM 627 million	+ 12%
Sales	DM 2,623 million	+ 29%
Profit after taxes	DM 23 million	+ 667%
Capital expenditures	DM 113 million	± 0%
Depreciation	DM 96 million	+ 25%

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FINANCIAL TIMES SURVEY

Friday July 18 1980

هكزامن الأصيل

Spanish Exports

The expansion of Spanish exports has been one of the country's few recent economic success stories. Spain's trade is increasingly EEC-oriented but negotiations to join the Community have raised some difficult issues. Producers and exporters need to acquire greater expertise to establish or expand markets further afield.

Battles over EEC entry

By Robert Graham

Madrid Correspondent

THE HOPE that Spain's accession to the EEC was going to be smooth and speedy has been brutally shattered. President Giscard d'Estaing may now deny that he ever said there should be a pause in the negotiations—as he claimed at a Press conference at the end of June—but his message is clear enough. France is not prepared to entertain further substantive discussions on Spanish entry until the Community has solved its own outstanding problems, and just as much to the point, until the French Presidential elections are well out of the way.

As if to back up this dampener on the negotiating process, farmers in southern France have resorted to the worst violence yet against Spanish produce entering France. Ten trucks were burned near Perpignan in mid-June, provoking a five-day protest blockade by Spanish truckers on the main Mediterranean highway between France and Spain.

Since then, passions on either side have cooled, but they have not been tamed. Despite commitments by the French security forces to ensure full protection for Spanish produce, there has been at least one more incident. It is going to be hard for the French authorities to clamp down on the farmers, who see their interests threatened, because the agricultural vote is going to be vital in the 1981 Presidential elections.

Indeed, it has been felt in Madrid that the farmers used the protective umbrella of their vital vote in order to make their violent protests. By the same token, President Giscard d'Estaing's tough stance towards Spain panders to this electoral group.

Over the past two years there have been up to 150 incidents in which Spanish produce has been damaged or ruined in transit through southern France, according to a spokesman for the Spanish Citrus Producers Association. The fact that such incidents have gone largely unreported reflects the Spanish desire to avoid friction. Yet now that the issue has come into the open and threatens to erupt, there is a risk—albeit a slim one—of a wider trade war.

For instance, the Spanish Employers Federation started murmuring about a boycott of French goods after the June incidents. Anti-French sentiment in Spain is strong, and is being fuelled by criticism of the French by Spanish officials for their failure to curb militant Basque separatist activities inside France.

The Interior Minister, Sr. Juan Jose Roson, said recently that the ETA's bombing campaign against Spanish coastal resorts was planned in France. Against this background, it is

worth remembering that France is Spain's biggest trading partner, absorbing 33 per cent of total exports. Ironically, the French President's stand on the EEC, so heavily criticised and resented in Spain, may be to the country's long-term advantage. Spain's governing party has set the pace of the EEC negotiations, and the timetable which the Spanish now see being delayed was largely the Government's creation. The Government has been anxious to conclude the negotiations speedily for two principal reasons. First, it felt that protracted negotiations would harm the Community's image. And second, EEC membership was conceived in essentially political terms by both parties, as a move to bring Spain closer to the mainstream of Europe.

Therefore the Spanish sought to tie up the bulk of negotiations by the end of the year, to ensure accession by 1983. This timetable also had the advantage of clearing aside all the thorny issues before the French Presidential elections, so that Spanish entry would not become an electoral issue.

Timetable

The timetable was also tailored to cater for domestic politics. With the next General Elections due in March 1983, the Prime Minister, Sr. Adolfo Suarez, wanted to go to the country with the accession sewn up.

The French stand has shaken the Government out of a dangerous public complacency about the EEC, drawing attention to the very real difficulties of adjustment that Spain will face. It has shown that entry cannot be taken for granted. More importantly, it has

GEOGRAPHICAL DISTRIBUTION OF SPANISH TRADE

Exports: (Pta bn)				
	1979	%	1978	%
Europe	726.4	59.4%	579.7	57.8%
EEC	586.0	47.9%	463.6	46.2%
EFTA	74.3	6.0%	63.0	6.3%
Commonwealth	40.2	3.2%	29.5	2.9%
U.S.	85.1	6.9%	92.7	9.2%
Latin America	108.4	8.9%	74.7	7.4%
Asia	122.5	10%	98.2	9.8%
Africa	129.7	10.6%	114.5	11.4%
Canada	10.8	0.8%	11.3	1.1%
Total	1,221.4		1,001.3	

Source: Ministry of Commerce

revealed that behind the brave protestations of support for Spain, the Community itself has reservations about the impact of Spanish entry.

Until now, there has been no real debate in public on the pros and cons of Community membership. If this were to take place now, it could even sharpen Spain's negotiating position, and create a broader awareness of contingent issues like the position of the other Mediterranean states and how they will be affected.

Whatever happens in the medium term, one short-term fact cannot be ignored. The direction of Spain's trade is increasingly Community oriented. Last year the proportion of Spain's total exports which went to the EEC increased to almost 48 per cent.

Meanwhile Spain is the Community's sixth biggest customer, importing 35 per cent of its goods from the EEC. If Spain were to purchase more

agricultural goods inside the EEC, the percentage would be substantially higher. Spanish agricultural exports have long shown their ability to sustain an important share of Community business. But it is only during the past four years that its industrial goods have begun to penetrate the EEC. This is part of a wider pattern of growing export-consciousness in Spain.

Impetus

The expansion of Spanish exports has been one of the few economic success stories in four bleak years of domestic recession. The main impetus came in July 1977, with the devaluation of the peseta—an impetus subsequently sustained by declining domestic demand and the consequent need to find new outlets to sustain production lines. Now that the peseta is once more above its pre-July 1977 parity, the continued low level of domestic demand

remains the prime incentive to seek export markets.

Yet the Ministry of Commerce likes to believe—and there is some firm evidence for it to do so—that the export trend is consolidating and is no longer a temporary deviation. Last year exports grew an average of 23 per cent in peseta terms, compared with 28 per cent the previous year. In the first quarter of 1980 growth fell back marginally to 21 per cent. While there is therefore a clear deceleration, the average growth rate is still well above the OECD norm.

Officials never expected the high growth to be sustained for long. Historically, exporting has played only a small part in the Spanish economy. The present deceleration is influenced by declining competitiveness of Spanish exporters, because of higher overheads and the value of the peseta. It can also be explained by the impact of recession on Spain's main trading partners.

In Spain itself the recession is hitting hard, affecting companies in the engineering and construction sectors most seriously. At the end of 1979, per capita steel consumption had fallen to the level of 1968. This year, GDP is expected to grow by no more than 1 per cent, against 1.5 per cent last year. If it rises above this level it will be the result of an exceptionally good agricultural year.

The recession is taking a heavy toll on company cash flows, with a squeeze on profit margins and an unprecedented number of bankruptcies. Its impact is grimly reflected in a jobless figure of almost 1.5m, equivalent to 11 per cent of the active population. The principal change this year

concerns the terms of trade and the balance of payments. Imports in the first quarter were up 46 per cent in pesetas, 56 per cent in dollars. The increase had been primarily the result of higher energy costs, but there was also an upsurge in industrial imports. Although Spain imported 7 per cent less crude, the first quarter fuel bill was up \$4 per cent to \$3bn.

With low rainfall, and therefore less hydroelectricity, Spain has recently been obliged to import more crude than anticipated. The year's bill could be over \$12.5bn—double that of last year. This means that the current account will swing into deficit to the tune of \$3bn. Reserves have fallen by \$1bn from a high of \$13bn at the end of last year, and they could fall by another \$1bn. Much depends on tourist receipts and how the Basque bombing campaign hits tourism.

Deficit

Economic policy continues to rely heavily on monetary instruments of control. Credit has been slightly eased, but the main cause of expansion in the money supply has been a worrying public sector deficit, which could reach around \$5.7bn. The Government has also sought to hold down prices through limiting, where possible, energy-promoted increases. Nevertheless there is mounting pressure for another increase in electricity tariffs of around 20 per cent, on top of a rise of 17 per cent last January.

It is also worth mentioning that the price index is being distorted, because farm-gate prices remain low. The food-stuff element in the index has grown on average 7.5 per cent this year, against 21 per cent for non-foodstuffs. The Govern-

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ment will be hard put to keep inflation below the target of 10 per cent.

Despite strong lobbying from exporters, the Government is unlikely to play around with the peseta parity too much. Exporters would like to see the peseta go back to the July 1977 level of Ptas 84 to the dollar. At present it is hovering at Ptas 70, with a discount of three points for six months rates. The Government would prefer to ride with the exporters' complaints, allowing a gentle downwards "semi-clean" float, rather than risk the inflationary consequences of a substantial drop in the parity with the dollar, the main traded currency.

In the months ahead there is little comfort. The Government has so far failed to gain any measure of confidence from the business community. Indeed there is a depressing lack of confidence in the Government's ability really to press ahead with its accelerated energy programme, which should—in theory at least—provide the basis for a mild industrial recovery in mid-1981.

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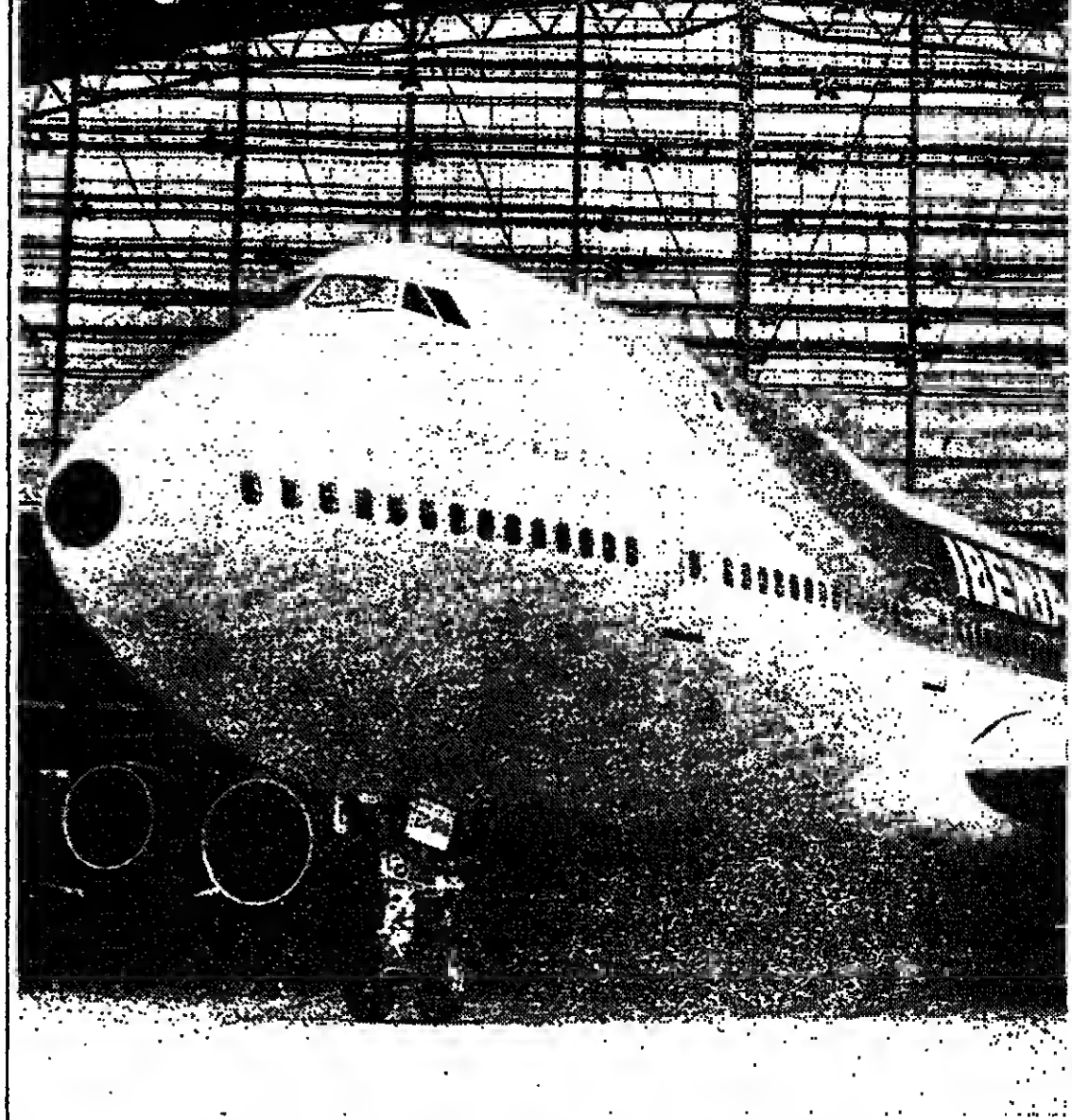


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Growth of credit brings changes in financing

THE RAPID evolution of Spanish exports is eloquently attested by the growth of export credit. In the past seven years, total credit financing of exports by the banking system rose by an annual average of 83 per cent. Last year, the increase in export credit was 31 per cent, but this was still almost double the rate of inflation, and the increase was far more substantial than the average rise in the volume and money value of goods exported.

This rapid growth reflects on the one hand the top priority given by the authorities to satisfying export finance needs. On the other, it shows the important latent demand for export financing. Provision of such finance has not been painless. The problem in providing an adequate system of export finance lies in the rigid and unevolved Spanish financial system. Even now there is no proper capital market and the banks are not geared to handling large-scale financial packages. Perhaps just as important, the authorities have had to come up with satisfactory mechanisms which take account both of their long-term desire to liberalise the financial system and to accommodate to the existing highly controlled system.

The principal structural change that has occurred over the past ten years concerns the role of the private banks, coupled with the emergence of the Banco Exterior, which is State-controlled but has mixed capital.

As late as 1973 the private banks were providing 82 per cent of all export financing. By the end of last year this figure had dropped to 45 per cent. In contrast, the Banco Exterior's role has risen from providing 18 per cent of export financing in 1973 to 45 per cent. This change is not surprising given the peculiarities of the Spanish banking system.

The predominant character

istic of this system is the mechanism whereby the Government obtains substantial funds by obliging the private banks to set aside a portion of their deposits for officially directed investments. For the commercial banks, the proportion is just over 30 per cent, which is channelled either into bonds of specially approved institutions or companies, or into loans or deposits with the Bank of Spain.

Outlets

Since such a high proportion of funds is tied up in investments with an average return of under 7 per cent, the commercial banks are obliged to seek more profitable outlets for their "free" funds. In providing export finance, the banks therefore have to limit themselves mainly to the financing of working capital or short-term operations, and to avoid medium- or long-term commitments unless their own portfolio companies are directly concerned.

This tendency has increased since 1977, when, as part of the Government's scheme to mobilise funds for exports, it decreed that the commercial banks had to set aside 3 per cent of their obligatory investments for exports. In 1978 the same treatment was extended to the

savings banks, but in their case the percentage was only one point. As a result, the private banks now devote almost 70 per cent of their export finance to funding working capital.

At the same time as the 3 per cent requirement for the commercial banks was introduced, the Banco Exterior was obliged to devote a minimum 30 per cent of its deposits to export financing. (Last year this was raised to 33 per cent.) The net result was that in 1977 the amount of credit available for export increased from Ptas 188bn (\$2.6bn) to Ptas 234bn (\$4bn), a 51 per cent increase.

To raise funds, the bank must first fully apply the ruling on the ratio of its deposits to be set aside for export financing. Once this has been completed, it can seek official funds from the Instituto de Crédito Oficial (ICO), plus those funds already obtained from the other banks.

As of last year, it can also obtain direct funds from other financial institutions for export, counting these as part of the 33 per cent ratio for officially directed investment.

The main change in the origin of the Banco Exterior's funds since 1973 has been that part provided by the ICO. At that time the ICO was supplying only 2 per cent of total export finance; last year it supplied 32 per cent of the

Ptas 507bn (\$7.2bn).

With this increased funding available there has been a significant increase in the scope and type of finance. The most notable increase has been in the financing of buyers' credits. Five years ago buyers' credits represented only 18 per cent of Banco Exterior's export finance; now they account for just under 50 per cent (and are worth Ptas 121bn (\$1.7bn)). The Bank has played a leading role in extending credit lines to Governments or foreign state-run institutions and companies through buyers' credits.

Because of the difficulties faced by the commercial banks in term financing, the bank has also become vital to the financing of items such as shipping orders. Here it covers 80 per cent of all such financing, and in the case of machinery it is 63 per cent.

With the liberalisation of foreign investment laws for Spanish companies last year, the bank has also come to play a significant role in this area. It is financing 88 per cent of foreign investment operations that are connected with exports. This year provisional estimates indicate that Banco Exterior will be financing a further Ptas 50bn (\$700m) worth of operations, although the figure is not yet definite.

Banco Exterior's growth is largely conditioned by the dynamic of Spain's export drive. However, by gradually increasing its solid network of overseas operations, it also helps to act as a catalyst for new export orders. Among its latest overseas banking ventures are a new office in Miami, and the establishment of banks in Chile, Argentina and Equatorial Guinea. It has also opened a branch in Moscow and two months ago paved the way for greater trade with mainland China by the opening of a \$500m credit line.

R.G.

EXPORT CREDIT (Pesetas bn.)

	1973	1977	1978	1979
1 Private Banks	61.2	149.6	173.3	229.2
2 Banco Exterior	13.7	134.6	188.2	247.8
a) Private Funds	12.3	39.7	51.3	60.8
b) ICO	1.4	69.9	109.9	159.9
c) Bank of Spain	—	25.0	27.0	27.0
3 Savings Banks	—	—	25.9	30.6
TOTAL	74.9	284.2	387.4	507.6

Source: Banco Exterior

Potential is under-utilised

THE OTHER day I was shown a pistachio-shelling machine, one of which had just been sold to a company in Cyprus. "This is a good example of the type of machinery that Spain

through its own agro-industrial experience can produce cheaply and well," said the person who showed it to me.

A pistachio-sheller may seem an esoteric item to be exporting but it underlines the wide range of equipment which Spain has learned to produce well in agro-business — like pepper-driers and industrial orange-juicers. However, manufacturers have been often slow to realise the potential of their own products, and agro-business is no exception.

There are other areas where the story is similar. For instance Spain has a major domestic tile industry which has developed some good indigenous technology. There is wide scope to sell tile plants to Latin America and the developing world. Or again, Spain has built up considerable expertise in producing liquid fertilisers and phosphoric acid.

The basic reason for this under-utilised potential is quite simply that Spain is a newcomer to the export business. "You can't expect us to acquire, in 40 years the kind of skills and sensitivities which trading nations like Britain have built up over the last 200 years and more." In short, information about markets is still in-

adequate, distribution networks are in their infancy (if they exist at all), and the financial and administrative support for exports is not geared to large operations.

A number of small companies, which have become involved in exports for the first time during the past three years, say that the odds are still stacked against them. They feel that a lot of basic commercial information which is available to other European exporters from Ministries and at embassies abroad is still lacking. They also maintain that because manufacturers have only recently begun to form associations to coordinate views and promote individual sectors, they have no easy point at which to lobby for improvements, while the Chambers of Commerce are only just beginning to reorganise after a shake-up of their old Francoist structure.

Until last December, buyers' credits were not available for deals below Ptas 50m (\$714,000). To bring small and medium-sized companies more into the orbit of this increasingly popular type of finance, the Government lowered the minimum to Ptas 14m (\$200,000) for exports of capital equipment, intermediate goods and raw materials. Accordingly the Spanish export credit guarantee company, CESCE, noted a 138 per cent increase in the number of policies issued to

cover buyers' credits last year — an increase accompanied by a drop in the average value insured.

Those familiar with the process of export credit guarantee say that small contracts are still being lost because the CESCE cannot move quickly enough. In large projects where the customer is known, decisions are reached within two weeks. The CESCE said in 1979 it processed 46 per cent of all applications in less than 15 days and 78 per cent in less than 30 days.

However, almost a third still take longer because the CESCE requires references, and has to check on local agents and other matters.

Rigid laws

Another drawback has been the rigid foreign investment laws for Spanish companies which have helped to exclude them from contracts where host governments have wanted some equity participation. Last year these laws were liberalised and the fruit of this can be seen in important contracts in Indonesia, for a cement plant and a \$700m refinery; in Guatemala, for a \$150m pulp and paper mill; and in the Philippines, for a \$85m nickel plant.

The refinery deal, still not in force, also highlights a further problem. Spain can probably supply no more than a quarter of the plant because of limited

technology, and neither the State nor the private banks can finance the whole \$700m package.

The limitations imposed by finance and technology therefore mean that Spanish companies have to work with international partners.

Finally, Spanish companies are handicapped by a comparatively thin layer of managerial talent. This means that often there are few good executives who can be spared to spend long periods abroad searching for work or supervising existing orders. Underdeveloped management techniques also mean that companies have often a poor record in costing export orders.

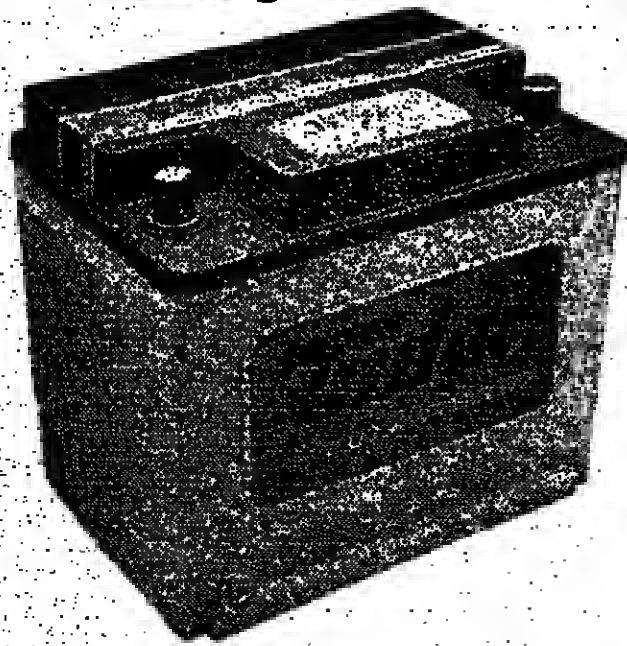
In theory inflation is always coded into bids but this is rarely done with sufficient thoroughness," said one contractor.

However, Spanish exporters are beginning to enjoy important political advantages in both the Middle East and Latin America, thanks to the Government's policies towards these regions. Spanish companies are not tainted with a colonial or imperialist image, and several countries see advantages in dealing with an industrialised but more neutralist partner like Spain. This is very much the case with Iraq, where Spain has made important inroads in the past two years — even if the companies exporting have international connections.

R.G.

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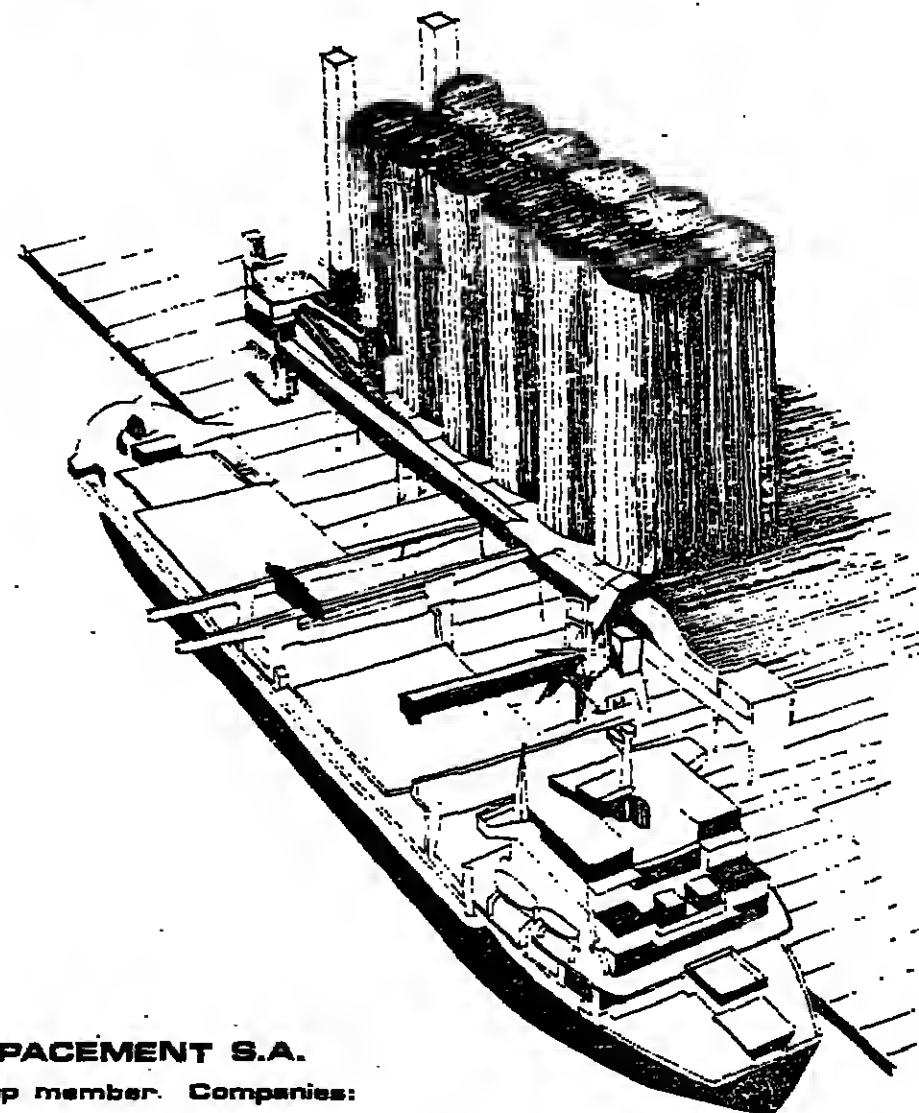
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SPANISH EXPORTS IV

Motor industry multi-nationals willing to invest

SPAIN IS establishing itself as one of the major investment centres for the European automotive industry of the 1980s. The multi-nationals regard Spain as an attractive launching pad for penetrating the European markets, which also offers an important domestic growth potential. In less than a decade automotive exports have become a significant component in Spanish foreign trade, now accounting for almost 10 per cent of total exports. This percentage is expected to rise in the future.

While the industry is willing to stick its neck out over the future importance of Spain, few are prepared to forecast the precise nature of the ownership of Spanish production facilities. Within little over a year, important changes have occurred, and the end picture is far from complete.

The Chrysler facilities, producing the Simca 1200, Chrysler 150 and 180 saloons and Dodge trucks, are now under the Talbot name. They are controlled directly by Peugeot-Citroen (Chrysler itself bought into the business in Spain by purchasing the plant and concession from Barreiros.) Motor Iberica, which produces a range of tractors, agricultural equipment, light trucks and buses, has lost its Canadian partner, Massey-Ferguson. The Japanese company Nissan has acquired Massey-Ferguson's former 36 per cent stake. And Enasa, the national heavy vehicle producer, has reached a complex agreement which in principle would give effective control of the company to International Harvester.

But the biggest problem is the situation of the largest car producer, Seat. In May, Fiat decided not to go ahead with the second half of a proposed capital increase in the company

AUTOMOTIVE EXPORTS				
	EXPORTS		% TOTAL SALES	
	1978	1979	1978	1979
Cars				
Talbot	18,656	2,392	19	3
Citroen Hispania	54,016	58,518	55	38
Fasa Renault	57,467	76,652	23	28
Ford España	188,850	176,375	76	69
Seat	87,051	119,889	28	41
TOTAL CARS	406,070	434,036	38	41
Industrial vehicles				
Talbot/Dodge	537	562	10	12
Enasa	1,639	2,050	10	14
Santa Ana	4,377	5,117	28	29
Mevoa	1,302	595	8	4
Motor Iberica	2,670	2,901	9	10
CAF	954	672	20	14
TOTAL INDUSTRIAL VEHICLES	11,479	11,797	13	14
Buses and tractors excluded.				
Source: ANFAC.				

to gain an 80 per cent stake. The immediate result is that the State holding company, INI, has once again assumed management of Seat and has the controlling stake. Fiat's stake is now reduced to 26 per cent. Fiat's conduct has alienated INI so much that it is now doing its best to find a new partner for Seat, whose losses in 1979 were over \$210m. Last month Seat executives went to Tokyo for talks with both Nissan and Toyota. This followed earlier discussions of a more general nature in March. Toyota has expressed an interest but has made no commitment.

If Toyota were to join Nissan in Spain—either through Seat or independently—it would have a major impact on both the nature and style of the European auto industry. Spain might then harbour the biggest Japanese auto presence in Europe, so Japanese intentions towards Spain are being closely watched by European manufac-

turers. Already Nissan and Motor Iberica are linked to Italy through the Japanese manufacturer's deal with Alfa Romeo, finally approved two months ago.

The Japanese interest in Spain is threefold. First, it can offer a good choice of greenfield sites. Second, the Government is willing to provide attractive incentives. And third, Spain is well located both for Europe, North Africa and Latin America—quite apart from any consideration about the domestic market.

The extent of Japanese interest can be gauged from Nissan's negotiation of a package deal (for the establishment of a joint company with Motor Iberica and Enasa. The deal broke down in January, partly because INI was uncertain about Nissan's heavy vehicle technology, but more because Motor Iberica wanted to play the dominant role. However, the deal could be revived

Monopoly

Historically, the industry has not been export-orientated. For a long while Seat enjoyed a virtual monopoly of domestic sales and production—a monopoly which only began to be breached in the 1960s. Manufacturers then came into Spain essentially to get round the high

protective tariff barriers.

However, since the mid-seventies, the industry has increasingly become export orientated—mainly because of tougher domestic competition for market shares and the arrival of Ford, allowed in primarily as an exporter. In the mid-1970s, Ford built a \$600m greenfield plant at Almusafes, near Valencia. The American company was only permitted to do so on the understanding that it could sell in Spain no more than 10 per cent of the previous year's total car registrations—the so-called "Ford law." Thus from the start over two thirds of production was geared to export.

With a production capacity of 270,000 when the plant started producing in 1976, Ford became overnight Spain's single largest exporting company. It still heads the list. Despite some difficult labour relations, the plant is generally considered a success. And with available land next to the site, there has been speculation for more than a year that Ford would expand. However, the recession and Ford's own financial position in Europe has led it both to revise downward market growth projections and to hold back on investment.

Nevertheless it is likely that by the late 1980s the Almusafes plant will be enlarged. Meanwhile General Motors has taken the plunge—having originally rejected a Spanish investment in the early seventies when Ford chose to come in. General Motors is building two main plants—a 260,000 car unit at Saragossa and an engine plant at Cadiz. There will also be some subsidiary facilities in the \$1.85bn investment.

Car production is designed two thirds for export, essentially to the European market. The engine plant will also sell

abroad, though more to the U.S. and Latin America. With the GM facilities operational, Spain should be exporting over 700,000 cars a year by the mid-1980s.

At present Spain is exporting 434,000 cars annually. Last year car exports were up 6 per cent and represented 41 per cent of total car production. This was one of the highest export ratios in Europe. However, there is little doubt that the depressed Spanish car market has forced the manufacturers to look outside Spain. This trend was noticeable last year and is even more so in 1980. For instance, Seat's Spanish sales fell from 213,000 to 174,000 last year, while exports rose from 88,000 to 118,000. This was the most dramatic instance of the common trend.

Exports are the key to Seat's short-term financial salvation. The company now depends on exports for 40 per cent of its

sales. However, these exports are largely conditioned by agreements with Fiat on sales to third countries. Fiat remains a shareholder and has the licensed technology. Seat has an agreement with Fiat for the use of technology through to 1985. Seat is about to launch the Panda model. The original intention was to market the new model, as with all other models following Fiat's agreement to take over Seat in June 1979, in collaboration with Fiat's international distribution network. However, Seat now has to evolve new distribution agreements in the light of Fiat's refusal to take over the company. It is this control of international distribution which gives Fiat a strong hand to play in the company's future. Until the agreement was signed in June 1979 Seat was constantly running against the problem of where it could and could not sell its models.

This often produced acrimonious disputes and Seat was allowed to sell only where it did not especially suit Fiat—like Egypt, Ireland or some C&D units to Latin America. However, last year's exports would not have grown to the same degree if Fiat had not been responsible for Seat's marketing—and because Seat was for the first time fully incorporated into Fiat's network.

INI's desire to find a new partner, albeit in the medium-term, could easily prejudice the volume of exports. In turn, this could seriously affect the company's already parlous financial position. Seat last year produced 294,000 cars. But this was 75 per cent of capacity and this year's stocks are up at over 50,000. Thus either Seat has to claw back its market lead (it is now below 30 per cent) or it has to export.

R.G.

Uphill fight for textiles

SPAIN'S TEXTILE industry, the oldest industry in the country and traditionally so important, is now playing a lesser role. It cannot compete with low-cost developing countries and is unable to overcome the climate of protectionism in its principal industrial markets. Unlike the shoe industry, however, reforms in this sector have been going on since 1975, and it is now on the road to a painful recovery.

The chief purpose of these reforms is to aim at a quality market and bring the industry up to the same technological level as its counterparts in other European countries. But on the other hand they have involved considerable labour cutbacks and the disappearance of many of the small and medium-sized family concerns.

By the end of 1979 a total of 512 companies had permanently closed, most of them in the Barcelona area where the industry is concentrated. Meanwhile, the jobless in textiles in 1979, at 35,589, represented just over 30 per cent of total unemployment in Spain that year and 17 per cent of the unemployment in Catalonia. In these circumstances, because the textile industry remains the country's third most important em-

ployer, with a total of 400,000 workers, the level of social conflict has grown.

A two-day general strike last February in the industry was backed by 90 per cent of the workers and by the country's principal trade unions. Then in April a group of textile workers managed to penetrate the Spanish Cortes (Parliament) while it was in session in an unprecedented bid to stop one company from declaring a suspension of payments. These developments have led the Government to make concessions. In two cases this year it has come to the rescue of textile companies in the south of Spain in an attempt to forestall social discontent.

Wage increase

Production costs have shot up. In 1975 there was a 50 per cent increase in wages and from that year until 1978 personnel costs rose from 19 per cent of total production costs to 31 per cent. At the same time the cost of imported raw materials, which rose considerably in 1973 and 1974, now represents 55 per cent of total costs.

A further handicap is the domestic market, where a per capita consumption of 13 kilos

of fibres a year compares with a per capita demand of between 21-23 kilos in EEC countries. The industry is also extremely fragmented and it has severe cash-flow problems.

Beyond the EEC, Spain's principal customers are among the Arab countries with Saudi Arabia taking 3.5 per cent of total exports in 1978, Morocco 3.8 per cent and Algeria 4 per cent.

In 1978 exports were still rising strongly—up by 33 per cent compared with 1977 at Pta 49.1bn, or roughly 6 per cent of Spain's total exports. Growth also continued in 1979, with exports up 10 per cent over 1978 at Pta 54.2bn. But from January to March this year there was a noticeable decline of 7.1 per cent, with exports totalling \$221m compared with \$258m for the first quarter of 1978.

What most concerns exporters is that there is no sign of any improvement following both the French and German Governments' recent proposals that negotiations for the enlargement of the EEC should be postponed. Indeed the only growth area, as in the last century, before Spain lost its colonies, is Latin America.

Jane Monahan

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مكتبة الأصيل

Record volume of wine sold abroad

COMPARED WITH other sectors of the Spanish economy, the wine business is an anomaly. With production heavily dependent upon the weather, exports have not always followed a regular pattern. Within the past two years both production and export volume have fluctuated wildly.

For instance, in 1978 exports fell to a seven-year low, but in 1979 exceptional weather brought about the biggest production of the century. Spain produced 50m hectolitres of wine, of which 6m hectolitres were exported for a value of Pta 26.9bn—the highest value and volume ever sold abroad. These foreign sales were achieved despite a vigorous rise in domestic consumption, suggesting that wine is well insulated against the recession.

Two-thirds of all the wines produced in Spain are white wines and more than 50 per cent of all the trading is handled by co-operatives. In addition the trade itself falls into several different categories.

Growing trade

First, there is a small but rapidly-growing trade in vins ordinaires. This trade was valued at Pta 1.3bn in 1978, but in 1979 its value had shot up to Pta 7.2bn with the EEC countries, the main customers. However, the main developing areas for this trade are Africa, especially the Ivory Coast and Cameroon, and Eastern bloc countries. Of these, Russia is now firmly in the lead following an agreement in May with the Union Nacional de Cooperativas Agrícolas SA to buy 1.5m hectolitres of white Spanish wine.

Second come the sparkling wines, the vast majority of which are produced and elaborated in Catalonia. The sales of these wines amounted to Pta 150.4m in 1978, rising to Pta 180.2m in 1979. Italy is the main customer, followed by Venezuela, Andorra, Britain and West Germany. This trade is now almost completely monopolised by two Catalan firms, Freixenet SA and Codorniu SA.

However, like the vins ordinaires, the trade of sparkling wines is mainly concentrated on the domestic

market. Last year Codorniu had a massive output of 24m bottles, but of these, 14m bottles—equivalent to the entire international sales of the French Moet Chandon champagne for that year—were sold exclusively in the city of Barcelona.

Competitive

Next come the Spanish table wines which are second in importance in Spain's trade. Total trade in these wines amounted to \$20.961 hectolitres in 1979, at a value of Pta 4.8bn, compared with 382,615 hectolitres in 1978 at Pta 3.9bn. Easily the most competitive of all these wines abroad are the red wines from the Rioja region. Exports of Rioja wines were valued at Pta 2.5bn in 1979—more than 50 per cent of the total value of the table-wine trade. Switzerland, the leading customer, absorbed 16 per cent of Rioja exports, followed by Canada (12 per cent), and Britain and the U.S. (11 per cent each).

The most important category of wines in terms of the value and volume of foreign sales are Spain's liquor wines or wines with a high alcoholic content. These include Cordoba's Montilla, some wines from Malaga, some Priorate wines, and Tarragona wines from the North-East.

However, all of these are exported in relatively small quantities, and the real trade in liquor wines turns on sales of Spanish sherries. For instance, out of total sales of Spanish liquor wines in 1979, 1.6m hectolitres at a value of Pta 13bn, Spanish sherries accounted for 1.4m hectolitres, worth Pta 12.4bn. This represented over 40 per cent of the value of the entire Spanish wine trade that year and a 10 per cent increase on Spanish sherry exports compared with 1978. Britain is the most important customer, with imports of 138,858 hectolitres in 1979, followed by the Netherlands (427,240 hectolitres) and then West Germany (427,240 hectolitres).

Finally, cutting across the sparkling wines, table wines and liquor wines, are Spain's appellation controlee wines, produced in a particular region.

There are 27 such denominations in Spain of which by far the most important in terms of quality are the sherries from the Jerez de la Frontera region and the red wines of Rioja.

In both these regions, the wine trade has been dominated by aristocratic land-owning families with a long experience in the drinks business. In Jerez there are two such families, one of French origin—the Domecq—and the other with British origins—Gonzalez Byass. In Rioja, there are eight principal wine houses—Marques de Riscal, Marques de Murrieta, Casa Martinez de Castejon, Bodegas Bilbainas, CUNE (Compania Vizcaina Norte Espanola), La Rioja Alta, Bodegas Riojanas and Lopez Heredia.

As Spain prepares for entry into the EEC, several technical difficulties have arisen in connection with the wine trade. First, unlike the EEC, in Spain it is forbidden to add sugar to wine and to irrigate vineyards. In the eyes of Spanish officials both these practices are "underhand," placing Spain's wine at a clear disadvantage in EEC markets.

Another unresolved technical difficulty is over the alcohol limit in the EEC the maximum alcohol limit for table wines is set at 14 degrees, whereas some naturally produced wines in Spain, such as the Priorat wines of Catalonia, contain up to 18 degrees of alcohol.

There is also a dispute with Britain over the continued use of the name "sherry" for wine that are not Spanish sherries. Now that Britain is a member of the EEC, the question has arisen as to whether Britain may go on using this term for sherries elaborated in the UK in the light of the appellation controlee regulations that are in force in several EEC countries.

Negotiations are currently under way between the Spanish and British Governments. However, according to Spanish officials they wish to tread very carefully because of the considerable overlap between British and Spanish interests in the sherry business.

Jane Monahan

ADVERTISEMENT

SPAIN JOINS BATTLE FOR THE UNITED KINGDOM MARKET

From another angle, the magnitude of this change was even greater; in terms of value the increase of exports of bottled table wines was over 50% in 1979, and during the same year the proportion in value of bottled wines in origin was 59% as compared to 38% in volume terms. This change is very important on its own, but also in relation to the emergence of a clearer picture for the setting-up of an active promotional policy on the part of the Spanish Government, previously unthinkable in a context exclusively dominated by exports of wine in bulk.

Of the same importance is the ever increasing diversity, by region of origin, of the wines of Spain coming into this country; in this sense, the Spanish method of making wine has been remarkable, in as much as it has increasingly adapted itself to the particular characteristics of the British taste, without losing its essential natural and regional qualities. Rioja wines are well known and liked for their characteristic "oaky" taste, which almost became totally identified as the typical Spanish bouquet. There should be no surprise therefore, at the appearance on the market of other Spanish quality wines perfectly adapted to the British market, with a completely different taste: Valdepeñas, Navarra, Penedés, León, Tarragona, Valencia, to name but a few of those which have already started to make their mark within the market for Spanish wines in the U.K. The magnitude of this change is even more apparent if one considers that in 1978 exports of Rioja wine to this country were only 25%, of the total bottled wine exported; that from Penedés and Valencia-Cheste reached 18%, each, Tarragona and Valdepeñas 8%, each and Navarra 3%; the rest of the wine exported is divided among other regions.

The previous points indicate some optimism in an otherwise not very bright picture of the market-share losses as a whole; there is a hope for further improvement later. A tendency towards quality and a diversification of exports of Spanish table wines appears to be well established and should be enhanced with the eventual entry of Spain into the EEC. The establishment of "Vinos de España" (Office for the Promotion of the Wines of Spain) during this year should close the promotional and information gap which has existed till now in this market and has been undoubtedly one of the main handicaps to the expansion of exports of Spanish wine.

Probably the effect of this last factor has been decisive for Spanish sparkling wines. Looking again at the statistical table, one sees a fall of 3.6% within an expanding market, which can only be due to the lack of knowledge by the public at large, of the quality-price relation vis-à-vis other sparkling wines, particularly as the great majority of those exported to this country use the champagne method.

The picture would not be complete without mentioning Sherry: contrary to the rest of Spanish wines, its quality and excellence have been known to the British public, who for centuries has been its number one consumer, even above Spain herself. The appreciation and long tradition of the wine from Jerez in the British market makes it even more surprising that the United Kingdom is the only country within the European Community which is under the commercial delusion that Sherry could come from anywhere other than Jerez, especially when similar fictions regarding Champagne, Cognac or

Burgundy have long been dispelled. The natural complaints of the sherry producers in this respect should be treated not only in a strict commercial sense (given the difference in price compared with its main Sherry-substitute producers), but also, from historically based fact, in the light of a desire to defend a unique product. The challenge posed by the progressive ageing of the Sherry consumer presents a potential danger of considerable magnitude. The identity of this product should be re-established in terms other than the traditional ones, and here again, there is a need to create a new image for a quality product, made only of grapes and by a process of ageing and "vinification" notably superior to other aperitif wines.

VINOS DE ESPAÑA

Numerous references have been made to the problems of image and information regarding Spanish wines, and the negative results arising from the lack of these facts. Unlike most other wine-producing countries, Spain has not had a coherent policy to promote and enhance the image and distribution of her wines in the U.K. market, and has failed to provide Spanish wine importers with the promotional and generic advertising support that importers of wines from other countries have been getting.

It now seems that the Spanish Ministry of Commerce is determined to fill that gap, and earlier this year it established "Vinos de España" in London (with suitable financial backing), and entrusted it with the task of giving Spanish wine its rightful image and a wider distribution in the U.K. market.

So far, Vinos de España has been engaged with its own organisation, producing new educational and promotional material, which will be available shortly, and designing a long term strategy based on a properly conducted survey of the U.K. wine market. However, most of its efforts so far have gone to organising the Spanish Village at the Bristol World Wine Fair.

As far as this event is concerned, the response from the trade has been tremendous. Over an area of 732m², the largest national pavilion at Bristol, there will be 40 individual stands, mostly from importers, and with a few exporters looking for distributors, as well as regional generic stands from Alicante-Jumilla-Almansa, Penedés, Rioja and Sherry. Literally hundreds of different wines from practically every producing region in Spain will be present, many for the first time in this country. This will offer a unique opportunity to trade and public alike to acquaint themselves with the wealth of Spanish wines.

In addition to this, the activities of Vinos de España have been reflected in recent "selection" wine tastings, carried out in London, with the object of determining their suitability for the U.K. market, where the quality of wines produced in the León, Valladolid, Yecla, Tarragona and Albacete regions, surprised even the experts. The results have been most encouraging. Many wines were considered suitable for this market, some exceptionally so, and others could be with slight changes, not too difficult to make. Wines from Tarragona, León and Yecla are already being distributed in this country, as yet in small quantities, and those of Valladolid and Albacete are likely to be available soon.

Vinos de España has planned to have more "selection" tastings in the very near future, and at the same time, other tastings will be organised. Introductory tastings of new wines looking for agents and importers on the one hand, and support tastings to help agents and importers to attain a wider distribution in the retail and catering trades, clubs, wine societies, etc., on the other. Some further clarification will be provided by the Ministry of Commerce at the official launching of Vinos de España this Autumn, defining its long term policy, its financial backing and the liaison with other promotional activities on behalf of the Spanish Government.

Unknown, not so much nowadays to the trade or the regular wine drinker, but certainly to the public at large, Spain produces a diversity of wines comparable to those of any other producing country. The high quality is there too; a well organized promotional campaign is highly deserved, which in time will give these wines the name in the British market befitting their quality.

MARKET DEVELOPMENTS

Within the trade and among knowledgeable drinkers, the quality of Spanish wines available on the British market has been a well established fact since the mid-seventies. During those years quality Spanish wine with "Denominación de Origen," started to be comparatively well distributed and available to certain sections of the population, still small, but certainly with a good knowledge of regional tastes and a guarantee of a more natural product, as opposed to so many other wines that need propping up in order to become palatable, rapidly became the most outstanding features of Spanish wines among this section of connoisseurs. To a great extent this judgement applied to the inexpensive end of the market where the very well known brands of Spanish wine offered by the brewery combines also compared very favourably in quality.

For a majority of newcomers to wine, however, the force of old and stereotyped images was too strong, and only now very slowly and through experience are they beginning to accept the rightful place of Spanish wines. Due to a lack of information and publicity on the part of producers and the competent Authorities, the idea of quality Spanish wines had to come from the enthusiastic activities of a group of importers and distributors on the one hand, and the enormous number of wine-drinking British tourists in Spain (almost 4 million in 1979), on the other.

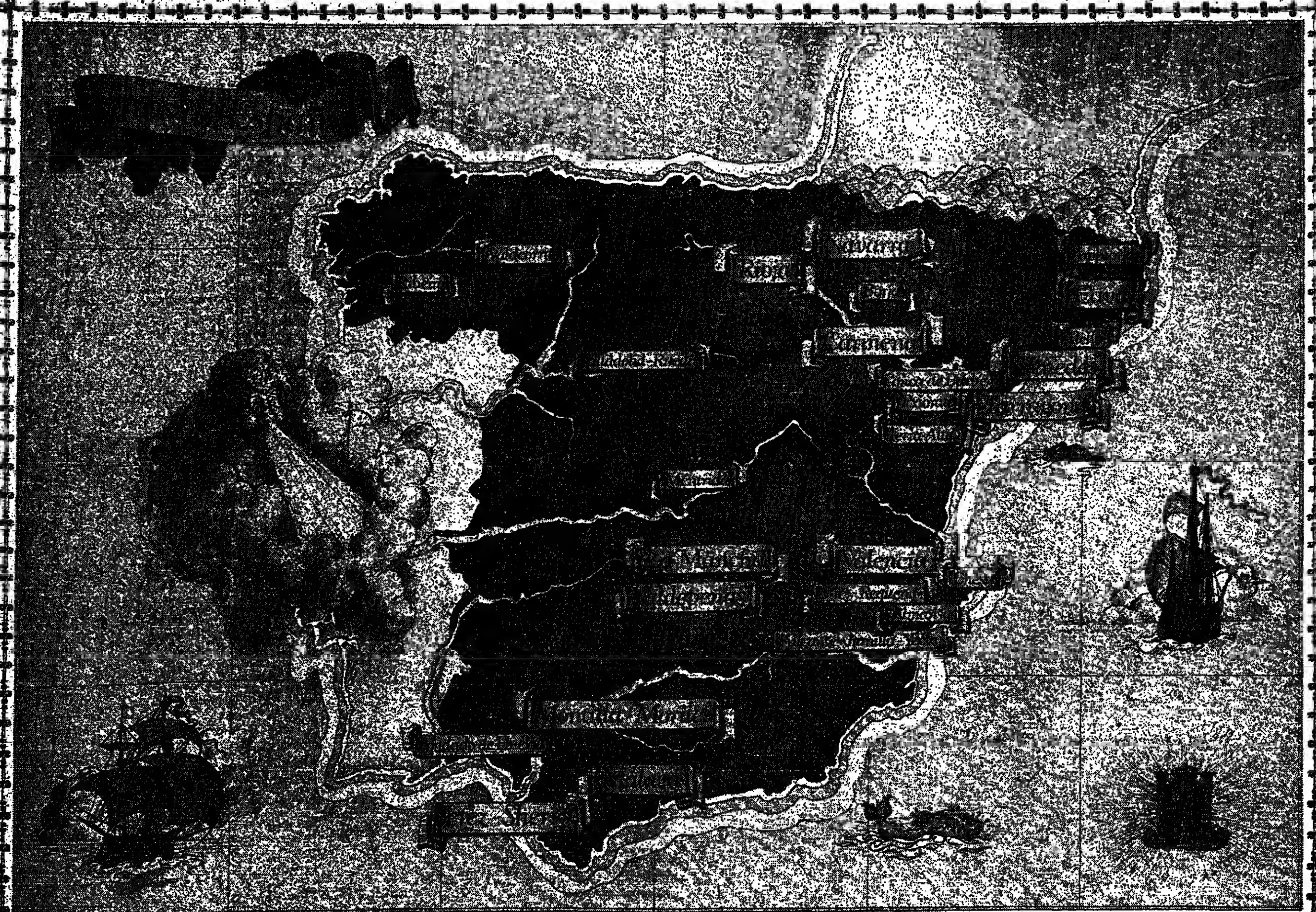
As a whole the market trend was not entirely satisfactory to Spain, if one bears in mind that during the last few years Spain went down to fourth place, after France, Germany and Italy, as supplier of wine, in spite of a total increase in volume of exports to this country of around 9%.

One should be talking in terms of light and shade; looking at the table relating to the clearance of wine during 1979, apart from the fact mentioned before, the most significant point is the impressive increase in wines bottled in origin, substantially above the increase of the market as a whole. Increases of 37% and 40% of red and white bottled wines, is proof of the ever increasing awareness by the British consumer, and consolidates hopes for the immediate future.

BRITISH IMPORTS OF SPANISH WINES DURING 1979

	Thousands Hls.	% Δ 78/79	Spanish market share	British market growth % Δ 78/79
(1) Red wines	99.5	4.1	12.7	14.1
1 Bottled, up to 13°	35.6	37.0	7.5	26.0
2 Bottled, up to 13°-15°	0.8	20.7	8.6	10.5
3 Bulk, up to 13°	62.4	-7.8	21.4	0.3
4 Bulk, up to 13°-15°	-0.7	-47.5	7.7	-26.7
(2) White wines	209.3	11.3	15.0	22.2
1 Bottled, up to 13°	44.8	40.0	5.7	35.6
2 Bottled, up to 13°-15°	24.6	117.0	76.8	73.7
3 Bulk, up to 13°	135.9	-2.9	23.8	8.5
4 Bulk, up to 13°-15°	4.0	-17.7	44.8	-58.9
(3) Rose wines	24.6	-11.3	17.5	-1.3
1 Bottled, up to 13°	4.5	9.0	5.8	11.4
2 Bottled, up to 13°-15°	—	-93.4	6.9	-54.5
3 Bulk, up to 13°	20.1	-14.4	32.1	-13.0
4 Bulk, up to 13°-15°	—	—	—	-39.5
(4) Total table wines	333.3	7.0	14.4	17.7
1 Bottled	110.2	48.5	8.0	31.0
2 Bulk	223.1	-6.0	23.7	2.4
(5) Sparkling wines	5.5	-3.6	3.1	11.5
(6) Sherry	533.5	0.2	—	—
1 Bottled	51.5	-2.5	—	—
2 Bulk	482.1	0.8	—	—
(7) Others	5.8	-9.4	5.2	-18.6

Source: H.M. Customs & Excise and "Vinos de España."



SPANISH EXPORTS VI

Foreign markets vital to capital goods

"EITHER WE FIND export outlets or we have to close the factory," one capital goods manufacturer said recently. This is not an uncommon sentiment these days. In order to sustain production lines Spain's manufacturers are being forced to look beyond the depressed domestic market.

The process began in 1976 but each year the deepening industrial recession inside the country has forced manufacturers more and more to sell abroad. Last year more than 40 per cent of capital goods production was exported, and the percentage is likely to be the same this year.

This is a remarkable change in the structure of sales since, less than 10 years ago, Spanish manufacturers were inward looking and almost exclusively concerned with exploiting an expanding domestic market. "Even five years ago it never occurred to us that we would be selling 35 per cent of our production abroad. We thought our existing facilities would be producing only for the home market," a director of a machine tools plant said.

"In a very short space of time we have had to find agents to search out markets, and establish a proper export philosophy."

Considering that there has been a general lack of experience, the overall performance has been highly creditable. Last year the value of capital goods exported rose 24 per cent to Ptas 255bn (\$3.3bn). This was about 20 points above the average increase for total exports. It was also above the norm in terms of volume. Capital goods rose 14 per cent in volume, the bulk of these exports destined for Europe which absorbed 33 per cent of Foreign sales.

According to Sercobe, which is Spain's capital goods association, manufacturers are much more oriented to European exports. This is partly because of geographical proximity, but also because Europe is easier to operate in. It is often the case that Spanish capital goods manufacturers have either a foreign partner or are employing foreign-licensed technology, of European or U.S. origin, which again helps to determine

where the goods are sold abroad. The extent to which exports are being carried out on squeezed margins or actual losses is very much a matter of dispute. Many a manufacturer will complain that they are exporting below cost but are willing to do so to sustain production lines, like the person quoted earlier. On the other hand, others will maintain that this is part of a strategy of competing which falls short of the truth.

Idle capacity

However, there is little doubt that the manufacturers have plenty to grieve over. Last year with a 1.5 per cent growth in GDP, utilisation of productive capacity fell to around 65 per cent. This year, with growth projections hovering between zero and 1 per cent, there is still further idle capacity. At present probably no more than 60 per cent of capacity is being used, and of this more than 42 per cent is accounted for by foreign orders. This underlines the seriousness of the four-year-old recession.

Some sectors have been hit much worse than others. For instance, the dramatic drop in shipbuilding activity was underlined by recent figures showing that in 1978 Spanish shipyards had on order a total of 7.6m dwt tons against 1.3m dwt in 1979. But the impact has been widespread and the problems experienced either similar or the same.

Competitiveness is being affected by at least three different factors. Labour costs have risen sharply over the past four years, and with the exception of last year, have risen above the level of inflation. Between 1974 and 1979, according to Sercobe, labour costs have risen 47 per cent in real terms. Turnover per employee has dropped by 13 per cent and financial costs have risen 56 per cent. During the five-year period the percentage of profits to turnover has fallen from 4.2 per cent to 2.6 per cent.

Added to this the manufacturers have been hard hit by the appreciation of the peseta. This was especially the case last year. The peseta more than regained its pre-July, 1977,



The shoe industry faces tough competition abroad

Shoe makers in trouble

SPAIN'S SHOE industry, which accounts for just under 5 per cent of total exports and which employs 70,000, has reached an impasse. As a result of sharp increases in production costs, especially raw materials and wages, shoe manufacturers are finding it increasingly hard to compete with the more cheaply-produced exports of developing countries and in particular those of South-East Asia and Brazil. Yet considerable improvements are needed in production before Spain can match the quality output of countries such as France, Italy and Japan.

Against this background, the downward trend in foreign sales that began in 1978 and continued through 1979, became even more pronounced in the first quarter of this year. Total sales in 1979, at 75.1m pairs of shoes, were down 7m pairs compared with 1978, though the value at Ptas 480n was Ptas 20n higher.

R.G.

However, in January to March this year there was a 31 per cent decrease in the volume of sales and a 63 per cent decline in value compared with the first three months of 1979.

The impact of this decline has been most visible in the United States, traditionally Spain's leading customer. Figures for the first quarter of this year show that shoe sales to the U.S. were down by 50 per cent, both in volume and value terms over 1979. Last year exports to the U.S. represented only 38.9 per cent of the total, compared with 49.4 per cent in 1978. Thus, for the first time in a decade, the emphasis in the market switched in 1979, with EEC countries constituting Spain's most important customers and the U.S. taking second place.

In all, the value of exports to the EEC in 1979 amounted to Ptas 240n and accounted for 50 per cent of total exports, with West Germany first in the ranking (Ptas 7.6bn), followed by Britain (Ptas 4.6bn) and France in third place (Ptas 3.8bn).

There are many reasons for the overall decline in the competitiveness of Spanish shoes abroad. However, exporters agree that the single most important factor has been the peseta's appreciation in 1978 and 1979. They maintain that this alone has put up the cost of a pair of Spanish shoes by 30 per cent - in European markets and by 30-40 per cent in the U.S.

But there is also an urgent need to re-think Spain's sales approach. For instance, it has been suggested that much more emphasis should be placed on developing specialised lines of production on marketing research, and on the promotion of Spanish trade marks abroad.

Meanwhile, the problems facing the shoe industry on the home market are now no less considerable and also revolve around the question of prices.

J.M.

Consistent performance by cement groups

CEMENT EXPORTS have consistently sustained a good performance since 1974. However, in 1979, there was a slight drop in exports, and Spain lost its position as the world's largest cement exporter, ceding first place to Japan.

Total exports in 1979 amounted to 9.59m tonnes, a 2.43 per cent fall in volume compared with 1978. However, this brought in Ptas 23.7bn, fractionally more than the year before and provisionally estimates for the first quarter of this year suggest an improvement over 1979 both in terms of volume and value.

There are, therefore, no immediate signs of any slackening in this sector's performance. However, in the medium to long-

term, Spain could well face more competition in the Mediterranean area from Morocco, Greece and Romania, where new production lines are being started and production costs are now much cheaper.

Indeed, like the rest of the Spanish economy, the cement industry is now operating under tough local conditions. Labour and raw material costs have gone up, medium-term credit is both difficult to obtain and costly; increased public investment in housing over the past five years has not compensated for the big slump in private domestic investment; and the construction industry is still in a recession. In these circumstances, the decline in internal demand for cement, which

began in 1973, has persisted.

Earlier this year a plan was approved to convert to coal, and the Government has now announced an official credit of Ptas 14bn at 14 per cent for seven years. Manufacturers consider this interest rate high, and it is now not certain how many of Spain's 33 cement companies may be willing to go ahead with the plan, even though the official credit represents 70 per cent of the plan's total estimated cost.

The biggest grievance of the cement companies, however, is the Government's price control policy. The Government justifies this on grounds that cement is an essential product, which does not compete on the market like other industrial goods.

However, this year the wholesale price of a tonne of cement was fixed at Ptas 2,762, the equivalent of only 50 to 60 per cent of the wholesale price in other European countries. Cement producers point out that in these conditions, were it not for exports, the industry could only run at 60 per cent of capacity.

This said, the cement industry has been well placed both in terms of technology and in terms of the quality of production to make the switch to exports. Also, Spain's ports are well equipped, and most of the leading cement factories have the added advantage of being situated on or near the coast.

The most important recent example of this forward-looking policy was a decision by Hornos

Iberia SA to build a cement factory, with a capacity of 1m tonnes a year, and port installations near Almeria at a cost of Ptas 8bn. Operations at this complex are now underway and the location is considered ideal for Spain's main markets in Africa and the Middle East. Indeed, as in 1978, last year cement exports were chiefly concentrated in these two areas as well as in Venezuela and the U.S.

Important loss

In order of importance, Saudi Arabia remained easily the most important customer, taking 37 per cent of total exports. Nigeria came second, taking 1.03m tonnes. Then came Egypt (816,220 tonnes). In fourth place came Algeria (557,758 tonnes), fifth was Jordan (496,984 tonnes), and sixth was Venezuela (361,437 tonnes).

Of these six countries, Algeria is the only client to have reduced its Spanish cement imports over the past four years. However, a much more important loss last year was Iran, where imports dropped to zero compared with imports of 777,924 tonnes in 1978.

As well as the good installations of Spanish ports and the good siting of Spain's cement companies, this export performance also stems from the industry's rational commercial structure. For instance, the three main Basque companies

in the North now channel their foreign sales operations through an umbrella organisation, Expor.

In the South, Valenciana de Cementos SA manages its own sales, and in the North East Hispacement represents several companies including Asland, the country's single largest producer and exporter, Cementos Alba, another important exporter, and five Catalan companies. Of the three organisations, Hispacement is the most important, accounting for 53.9 per cent of Spain's total exports in 1979 and 22.7 per cent of total European exports.

However, all three groups have no difficulty in maintaining their clients. Now that they have firmly established an export base in Spain, there is now agreement that the future lies in opening up new plants and installations in third countries and developing trade from there. In line with this policy, Hispacement started constructing a silo complex and port installations in Nigeria.

In 1978 Cementos Alba concluded a \$21m deal to set up a joint enterprise in Mexico, and in April last year Asland was one of three Spanish companies, together with an engineering and a shipping firm, to win a contract to build a Ptas 10bn cement plant on Argentina's northern coast with a capacity to produce 700,000 tonnes a year.

J.M.



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SEAT REPORT No. 1

ADVERTISEMENT

THE LEADING SPANISH CAR PRODUCER MADE SALES
TOTTALLING US\$ 1,645 MILLION IN 1979

SEAT has now exported 800,000 cars.

Spain's foremost export industry is the motor car sector. Nowadays the exporting of cars and their spares generates more foreign currency - some 2,000 million dollars per annum - than does that of wines, oranges or olive oil. To explain how this has been possible in a country which traditionally is agricultural, requires an explanation of the history of SEAT itself (Sociedad Española de Automóviles de Turismo, i.e. the Spanish Saloon Car Company).

SEAT was established in 1953 and over the last twelve years has exported almost 800,000 cars. This has enabled it to become the leading Spanish factory by reason of its aggregate foreign sales, and will enable it to remain so for a long time to come. Last year SEAT exported 120,000 cars and this year the figure of 77,000 has been passed in only six months.

Seventy-two per cent of SEAT's car exports are to the EEC and EFTA countries: France, Italy, Germany, Holland, Finland, etc. SEAT's exports to Britain over the other hand have been very low: a mere 5,582 cars in ten years. With regard to the Republic of Ireland, over 18,000 cars of the SEAT model 127 in CKD collections have been exported there prior to assembly in the local Fiat Ireland factories.

SEAT: FIAT LICENCES BUT ORIGINAL SPANISH FEATURES

SEAT manufactures under licence from Fiat but the company's record shows a very varied range of adaptations for the local market in technical features and bodywork. Some of these special SEAT features are still in use, for example, in the 5-door 127 presented by Fiat at the last Turin Motor Show. The model 133, known world over as the Fiat 133, was designed in its entirety at the SEAT Technical Centre for Research and Development in Barcelona. Today it is manufactured in Egypt and Argentina, under Spanish licence of course.

On Europe's roads one sees many 124 "Pamplona" models, so called because they have been manufactured at the factory in the Navarrese capital. SEAT bought the factory from BLMC when the latter abandoned their Spanish operations. The 124 Pamplona has a look all of its own, with square headlights, 5-speed gearbox and a varied range of engines which have never been used by Fiat - from the 1430 to the 1600, 1800 and 2000.

In bodywork SEAT has several times constructed 4-door models using designs which had originally been conceived for 2-door cars (800, 850, 127 and other models). Perhaps, however, the model with the most individuality is the "Sport 1430", an F.V.D. with futuristic lines. Now SEAT's main adaptations are centred on the mechanical aspects. For 13 years SEAT has been fitting their diesel version with various Mercedes-Benz and Perkins engines. For domestic taxation reasons, SEAT has developed its own engines such as the 1010 cc for the "127" and the 1919 cc Twincam for

the prestige models Lancia Coupe and HPE.

SEAT has set up a radical modernisation plan. The company intends to concentrate its production (350,000 cars per annum) on four models only and will thus cease to dissipate its energies in small series which cannot profit. Over a one-and-a-half-year period production has stopped or will stop on six models. There will remain only the Panda, 127, Ritmo and 131 Mirafiori. The coming situation to become competitive in the toughest world-wide level, causing it to lose a share of the market, thus short-term losses, whilst other local competitors are now exhausting the last few possibilities of the opposite policy, to give licence to the oldest ones. SEAT's chairman, Señor Antónanzas, has made a courageous "wager for the future" by concentrating energies on those cars which will sell better in the eighties by being the most economical.

RECORD SALES & INVESTMENT FIGURES
SEAT has invested 750 million US dollars (\$319 million) in two new factories which are ultra-modern and fully automated (including the use of robots). These will allow higher production (50 cars per worker per annum) along with higher quality. In 1979 SEAT sales went up by 18.2% to reach the record figure of 1,645 million US dollars (\$707 million sterling). This confirms SEAT in its position of being the leading Spanish industrial company and among the 100 foremost companies in Europe. In spare parts alone, SEAT made sales to the value of 160 million dollars and this is a figure which could show a considerable increase when one considers that half of the total number of motor vehicles in Spain, calculated at 7.2 million for private cars, come from SEAT.

At the time of the latest increase in SEAT's capital, Fiat did not cover its share and was replaced automatically by SEAT itself (National Institute for Industry). The latter body was thus able to recover the former majority holding (57% operation and exchange contracts with Fiat and these cover the period up to 1985. However, these difficulties have not at least they have begun. The purpose of these SEAT Reports is to acquaint public opinion on a world-wide level with the progress made in this sphere, which is of obvious significance not only for SEAT and for Spain but also for the entire automobile industry on both European and world levels.

SEAT

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FINANCIAL TIMES

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Friday July 18 1980

The Moscow Olympics

RUSSIANS individually have a reputation as warm and generous hosts. This tradition, unfortunately, does not appear to have been transmitted to the Soviet state itself. Certainly if willingness to spend money is any indication the Soviet Union cannot be faulted for penny-pinching. It has spent around £1.3bn and five years of planning and effort in order to provide the most up-to-date facilities for the 1980 Olympic Games. As the build-up to the games progressed, observers reported a genuine sense of popular enthusiasm about the prospect of playing host to the world.

Since then, however, the Soviet authorities seem to have done everything in their power to sour this mood. The turning point, of course, was the Soviet invasion of Afghanistan which obliterated the carefully nurtured propaganda image of Misha the Olympic bear and revealed the age-old grizzly beneath.

Ideology

Even before the invasion, however, the Soviet authorities showed their attitude towards the games by removing from circulation dissidents and any one else who would mar the image of a modern, powerful and well-ordered society without blemish. In so doing they, wittingly or not, revealed the essence of their ideologically ordered system. Faced with a conflict between reality and ideology they have instinctively sought to change the reality to fit the theory.

The estimated 100,000 foreign visitors to the Olympic Games next week will not be visiting the Soviet Union as it is, but a carefully sanitized version, a Soviet Union which exists in the minds of the KGB men and propaganda specialists responsible for creating it.

The Soviet authorities are drafting in thousands of uniformed and secret police and have spent a small fortune on elaborate surveillance equipment—most of it imported from the West.

In theory this is designed to ensure the safety and protection of sportsmen and visitors and prevent any recurrence of the terrorist outrages which marred the Munich Olympics. This is implausible given the elaborate screening of visa applications and the hermetically sealed Soviet frontiers. The real purpose is to ensure the minimum of contact between visitors and ordinary Soviet citizens.

Certainly reporting or watching the games will be the

primary objective of most if not all visitors and media people alike. But it is sad, as well as illuminating, that the Soviet authorities should try so determinedly to prevent wider contacts.

Distrust

It reveals a distrust bordering on paranoia, not only of foreigners but of the Soviet people themselves, by the Soviet authorities. This is not, unfortunately, anything new. The Russian tradition of despotic government pre-dates the 1917 revolution by centuries. What the present regime has done is to perfect the authoritarian system and re-inforce its totalitarian control through its monopoly of the mass media and the instruments of repression. In spite of all this, however, it has been unable to eliminate totally the external reality of the global electronic village. Foreign radio broadcasts, mass tourism—even if largely one way and in organised groups—and sheer natural curiosity alike have all served to spread other ideas and other visions of the world and human society.

The security precautions are aimed at preventing Soviet citizens from the sort of direct contact with this outside world which the Soviet people, the authorities suspect, would dearly like. The fact that several governments have actively dissuaded their national teams from competing and their citizens from attending this year's Olympics actually simplifies the task of the KGB. But even if every team and every would-be visitor had attended, the same principle of separation from reality and real human contacts would have applied.

When the Games are over and the Olympic flame is extinguished the KGB will probably be able to congratulate itself on its success.

Hollow

But it will be a hollow victory. The world already knows about the efficiency of Soviet security. What it wants to know is more about Russians as human beings and the chance to let ordinary Russians know more about us, directly and not through many layers of filters. As it is the Olympics are upon us and will doubtless pass with prejudices and stereotypes intact, if not re-inforced. This may reassure the Soviet regime—it does nothing for the cause of greater international understanding.

The Post Office must deliver

IF SIR KEITH JOSEPH ever has occasion to carry out his threat to abolish entirely the monopoly privileges enjoyed by the Post Office in letter delivery, there is unlikely to be a long queue of entrepreneurs clamouring to take over the postal service. Thus his decision to introduce an element of competition into the delivery of urgent correspondence and bulk documents and to give himself reserve powers in the event of a further decline in the service, is no more than a modest step, which is unlikely to have much immediate and direct impact on the postal service. However, the psychological effect of the Government's evident determination to shake up the Post Office by whatever means are available should not be underestimated.

It is arguable that a nationwide postal system is a natural monopoly, in the sense that its service can, in principle, be provided more cheaply and efficiently by one organisation than by a number of competitors. It is also a service which every modern society finds essential. On these two pillars of complicity the postal service's workers and management have built a seemingly unshakable structure of inefficiency and restrictive practices.

The management's adherence to the principle that "the mail must get through at almost any cost," which was noted by the recent Monopolies Commission report on the London letter service, has compounded the union's indifference that their services are indispensable to customers and taxpayers alike. Between them, these attitudes have obstructed almost all attempts to introduce rational working practices, or to benefit from technological change.

Vicious circle

The productivity failures, in turn, have made it impossible for the Post Office to provide a service of the standard its customers require at a reasonable price, while paying its employees well enough to attract them to what is in many ways a difficult and inconvenient job.

The real significance of this

review lay not just in the worthy, but relatively paltry conclusions, which were predictable in addition, the psychological blow of dealing with a Government which seemed to be prepared to go to previously unthinkable lengths to break the inertia in the postal service, appears to have engendered a new mood in both the management and the unions.

Intervention

The point that union leaders and managers seem to have taken to heart is that even if the idea of introducing competition into letter delivery proves to be little more than a damp squib, there will be other actions that the Government could take. It is natural for the present Cabinet to pin its hopes initially on some form of market solution to the problems of regulating the nationalised monopolies. But if, for reasons of unavoidable natural monopoly, a competitive approach to stimulating efficiency proves ineffective, there is every reason to expect that the Government will try forms of direct intervention which both unions and management would be even more loath to see.

The Monopolies Commission has already been given new and very broad powers to investigate the operations of nationalised industries at the Government's request. Judging from its report on the London letter service it is capable of making trenchant and embarrassing revelations about the conditions it finds. So far the Government has, rightly, given no indication that Ministers will take steps directly to ensure that the Commission's recommendations on detailed managerial decisions and matters such as working practices are put into effect. In principle it is far preferable that the Boards of nationalised industries should be given the maximum freedom to manage their corporations, provided they can fulfil the financial and performance targets that the Government lays down. However the presence in the background of a Monopolies Commission with strong support from Ministers, could do a great deal to concentrate the mind.

FOR George Herbert Walker Bush, there was one brief, heady moment six months ago when he could have been excused for thinking that he would never have to settle for being second choice for anything again. He had just beaten Ronald Reagan in the Iowa caucuses, the first real test of the election season, and seemed the perfect bionic Republican presidential candidate for the 1980s—not too old, not too conservative, not too liberal, possessing a skeleton-free closet and the handy asset of a base both in the old North-East and the new emerging South-West, not to mention a curriculum vitae that anybody would be proud to brandish.

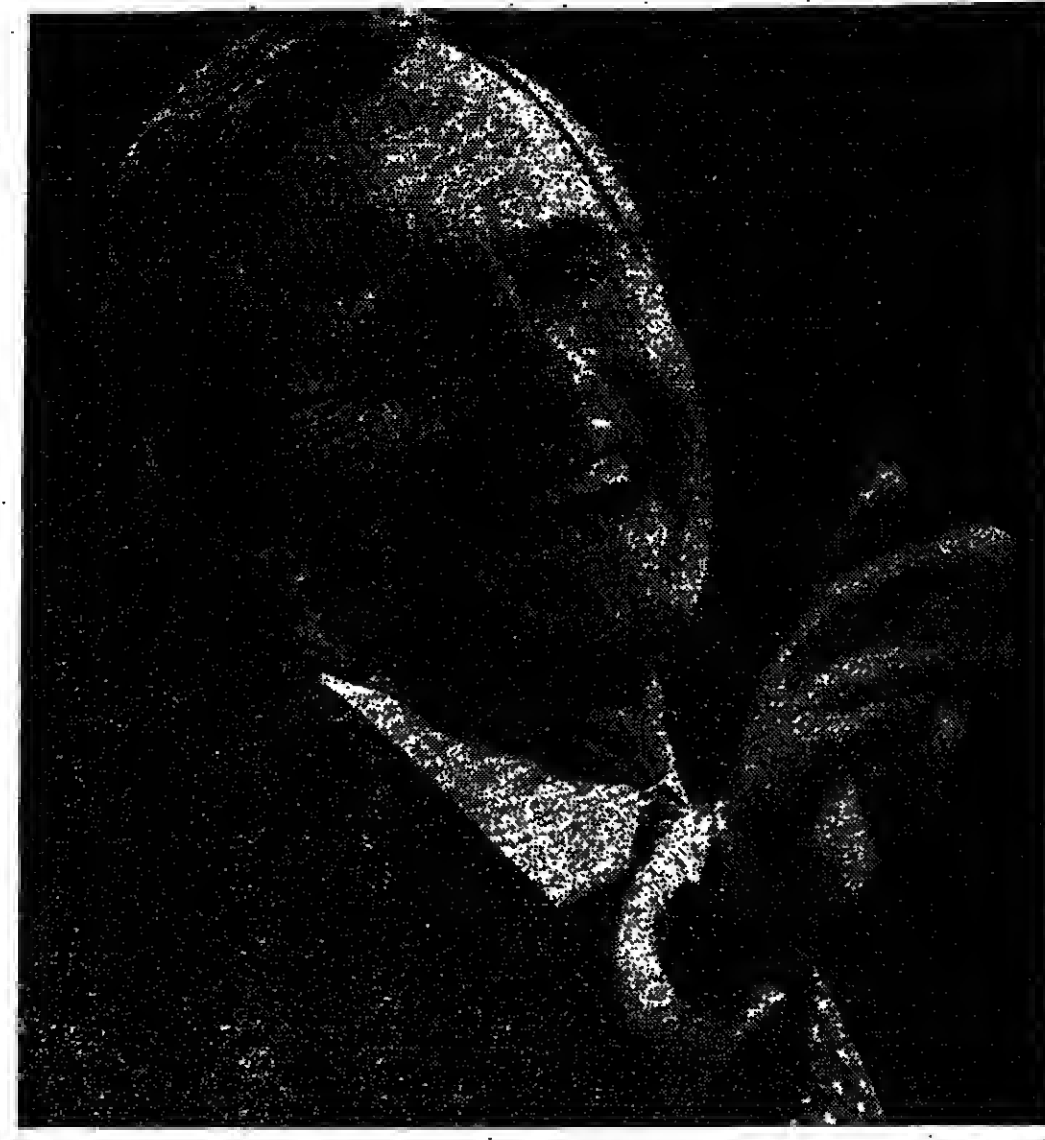
The same credentials will be touted again in the four months to the presidential election, as he campaigns throughout the country as Ronald Reagan's running-mate. But a lot of water has flowed under the bridge since the Iowa caucuses, never more so than in the torrents that coursed through Detroit on Wednesday night as Gerald Ford to run with him before turning him into his most enduring opponent in the primaries, with an offer that could not be refused. Yet the manner in which Mr. Bush landed the nomination that may take him to the proverbial heart's beat away from the presidency and the questions surrounding the way in which Mr. Reagan took his decision could make the prize less glittering than it might once have been.

It has been axiomatic ever since Ronald Reagan became assured of the Republican nomination that only one candidate, Gerald Ford, could really add strength to the party ticket in November. With anybody else Mr. Reagan would in effect be running on his own and seeking, in his selection of a vice-presidential candidate, someone who would be the least drag. In the event, Mr. Ford's price for acceptance—essentially a measure of control over foreign

policy—was more than Mr. Reagan could pay.

There was plenty of evidence before the Detroit Convention gathered that Mr. Reagan was not seriously considering offering the vice-presidency to the former President. Mr. Ford's disavowals of interest—repeated, seemingly unequivocally, as recently as Sunday—were so strong and his reservations about the social parts of the Republican platform so categorical that the prospect of accommodation appeared remote.

Yet as the week unfolded, that hitherto mute element of the Republican Party, the traditional moderate hierarchy, exerted initially discreet and



George Bush in Detroit on Wednesday: the acceptable face of conservatism?

then overt pressure on both Mr. Reagan and Mr. Ford to forge the "dream ticket" that could guarantee a Republican White House next January. On Wednesday, Mr. Reagan listened and Mr. Ford wavered, while the ultra-Right and the thinner ranks of the liberal wing agreed that Mr. Ford would be the perfect choice, especially after he had laid into President Carter with so much vigour on Monday night. And though the deal could not be cut, Mr. Ford did exact a price for his commitment to move night and main for Mr. Reagan in the campaign—the nomination of George Bush.

But this does not mean that Mr. Bush has suddenly emerged as heir-apparent to control of the Republican Party, whether or not he takes over from an ageing Mr. Reagan prior to the end of his term of office. Earlier in the week, before the Ford balloon swelled with air, the "hard right" let it be known that George Bush was next to Senator Howard Baker, its least preferred candidate. It wanted somebody like Congressman Jack Kemp from New York standing in the wings ready to take the reins when the soon-to-be septuagenarian finally steps aside. To the likes of Senator Jesse Helms from North Carolina, Mr. Bush is a sheep in

wolf's clothing, a man whose conservatism is the product of political expediency, not deep-seated conviction. He falls the conservative litmus tests on several counts—his support for women's rights and the freedom to have an abortion and for his past membership of the Trilateral Commission, the international think tank and pressure group comprising prominent Americans, Europeans and Japanese which the Right sees as the embodiment of the Eastern establishment's conspiracy to run the world.

Feeling betrayed by the last-minute switch to Mr. Bush after having been reconciled to the prospect of Mr. Ford the Right may yet register its protest at his selection on the floor of the Convention, a gathering on which, after all, the Right has put its indelible stamp. Broadening the base of the party to enhance its chances of success in November has never had an overwhelming appeal to ideological conservatives if it entails loss of purity.

On the other hand, so satisfied have Republican conservatives been this week that, at long last, Ronald Reagan has both his nomination and a good shot at the presidency that to withdraw support from their standard-bearer because of his choice of a running-mate may be unthinkable. But, if Mr.

Reagan does win, then it is a fair bet that the Right will use its great clout in the years ahead to try to ensure that Mr. Bush does not inherit the mantle of party and national leadership.

Sometimes, Mr. Bush must ask himself why he is considered a suspect conservative. Throughout the long primary campaign, the policies and philosophies he advocated were, with only the odd, previously mentioned exceptions, indistinguishable from those of Mr. Reagan. If there were a difference between the two, it was more in style than substance. George Bush presented the acceptable face of conservatism, a man without the historical baggage of certified extremism, which possibly explains why he did relatively well in primaries in the more moderate northern industrial states.

Yet the Bush past was the foundation of his presidential candidacy. Now 56 years old, he was born to a political family (his father was two-term U.S. senator from Connecticut), educated at the best Eastern private schools and as a decorated navy pilot in the last war (an old archives film actually records him being pulled out of his ditched aircraft in the Pacific). With \$385 in his pocket he branched out into new territory by moving to

Texas 30 years ago, turning that investment into a multi-million dollar oil drilling business.

In Texas, business and politics are indivisible. George Bush knew both success and failure in the state, twice winning a House seat in his Houston district in 1966 and 1968 and twice losing races for the Senate in 1964 and 1970, in spite of being heavily favoured. Yet electoral failure always seemed to improve the Bush fortunes. Thus, under the patronage of Presidents Nixon and Ford, he progressed to be Ambassador to the United Nations (1971-73), chairman of the Republican National Committee (1973-74), head of the U.S. Liaison Office in Peking (1974-75) and director of the Central Intelligence Agency (1976-77). In this inexorable process he was also disappointed more than once at being passed over for the vice-presidency—in 1973 after Mr. Agnew resigned; in 1974 when Mr. Ford took over from President Nixon and again in 1976, when Mr. Ford preferred Senator Dole.

In each post, Mr. Bush is reckoned to have acquitted himself adequately but without ever leaving much of a mark behind except possibly in the administrative reforms he instituted at the CIA. In the opinion of many political observers he remained the quintessential lightweight, a jack-of-all-trades but master of none, an able public servant lost without a patron.

The unravelling of his presidential effort in New Hampshire raised doubts about whether Mr. Bush had a heart centre. These were marked by his botched performance over the debate in Nashua where Mr. Reagan's burst of temper ("I paid for this microphone, Mr. Green," remains the best single political sentence of 1980) turned the Reagan campaign around.

When Mr. Bush was in good spirits after the Iowa caucuses, his talk was all of momentum and other empty jewels of the political lexicon, but when he was down after New Hampshire, he suddenly began to expound on those great issues which, days before, he had assiduously declined to discuss.

But Mr. Bush endured where others did not, and, in the end, gained a measure of public admiration for his persistence. He was helped by the fact that throughout his career he has made few enemies; he is, by common consensus, a "nice guy," not given to malice; prone to enthusiasms. Republicans who worried about the Reagan finger on the button had fewer qualms about the urbane Mr. Bush, with all his familiarity with high places.

It was, indeed, ironic that he should have to give up his candidacy on the morning after his greatest single primary triumph in the state of Michigan, but he surrendered equably. "I see the world not as I wish it were, but as it is," he said then. Again on Wednesday night here, when he addressed the Convention believing he would not be asked to take the No. 2 spot, he said gracefully: "Ronald Reagan is a winner. I should know about

that from experience."

Yet, in the aftermath of the wonderful Wednesday night in Detroit, it seems that the Bush attributes—niceness, government experience, enthusiasm, youth, plus some, though not over-much, regional appeal in areas where Mr. Reagan is weak—are relatively insignificant compared with the consuming topic of whether or not Ronald Reagan mishandled the whole dramatic affair. Already the pundits, not to mention the Democrats, are beginning to mull over the question of how he managed choosing a running-mate, then how on earth will he manage the U.S. Government?

In Mr. Reagan's defence, it can be argued that the venture to Mr. Ford was a unique gamble that had to be taken that he has secured the former President's pledge to campaign unstintingly in the autumn and not to scribe away at the margins; that in choosing Mr. Bush, he has fulfilled the traditional political requirement that the

In his hour of triumph Mr. Reagan appeared as a supplicant

party be free from its Right-wing bondage and that, in any case, he has given the Convention probably its most popular compromise choice. Certainly, he has instilled life into an otherwise desultory occasion. Against this, it has to be said that Mr. Ford's stature notwithstanding, it was the presidential nominee, in his hour of ultimate triumph, who appeared not so much the man in control as the supplicant. What he wanted he could not get and Mr. Bush will certainly be portrayed as a poor second-best. Mr. Reagan's decision-making process appeared hurried and hurried, if a deal was to be made with President Ford, it should have been cemented before Detroit. Hastily turning up past midnight at the Convention Hall, without even Mr. Bush still in his pyjamas to accompany him, was the sort of haphazard, off-the-cuff performance normally associated with the free-wheeling Democratic Party. Above all, Mr. Reagan has given the Democrats another big target at which to aim.

Mr. Robert Strauss, President Carter's campaign maestro, could not disguise his puckish grin on television yesterday morning when he spoke, with mock sympathy, of "the decision" that Mr. Reagan had made of the selection process. Raising questions about his opponent's competence may be a dangerous two-edged sword for Mr. Carter to wield, since it is the President's perceived deficiency in this regard that Mr. Reagan wants to stress. But on this occasion, in Detroit, it was the Republican candidate for the presidency, not the President of the U.S., who appeared to be "heating about the bush."

MEN AND MATTERS

Salmon, jam roll—and eels

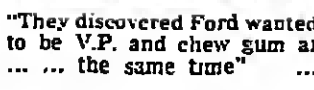
With only a dish of jellied eels to mark his departure, Colonel Nat Frieze, saviour and proprietor for 35 years of Sweetings fish restaurant, has put himself out to pasture on his Newmarket stud farm. Handing on the guardianship of this City institution to 46-year-old Graham Needham, the Colonel ("I am very old") tells me he thought it time a younger man with more expertise took over.

Several large restaurant groups, he says, have cast an acquisitive eye over his marble, brass and dark wood domain in Queen Victoria Street. "But I would never have sold to them. It is too individual."

A retired woolmonger, the Colonel started catering to the City's taste for prime fish, oysters, polly puddings and black velvet in the 1950s when he discovered that his favourite luncheon baunt was in danger of closure. Since then he has fought off the developers and road-wideners and secured Sweetings' traditions to the obvious contentment of the pin-striped scrummers who jam the place every lunchtime.

The extent to which the essence and style of the restaurant is coveted by its devotees was illustrated for me by an indignant reader who telephoned in some distress over the appearance of the aforementioned eels. "We have never had those before. It just makes me wonder what's going to happen to the old place," he complained.

Needham, however, formerly head chef at Scott's of Mayfair, is unrepentant. "Middle-cut eel is one of the finest fish in the world," he says, with as sound a claim to space on the Bible as any of the more regal species on offer.



"They discovered Ford wanted to be V.P. and chew gum at ... the same time"

changeling not. The decor and the familiar staff remain, as does Margaret—a fixture at the cash register for 45 years.

Eurodevil

If you believe that monetary compensatory amounts on marmalade and food mountains are the worst excesses to be perpetrated by the Common Market, then brace yourself for a shock. And in from the Bible belt of the U.S. is news that the Community is nurturing a satanic emissary in its bureaucratic bosom.

Baptists rummaging in the more obscure depths of the Bible claim that the "scarlet-coloured beast, full of names and blasphemy, having seven heads and 10 horns," whose arrival was prophesied in the Book of Revelation, is none other than our old friend the Common Market. Even worse, they say the "anti-Christ" will emerge from it.

A certain sloppiness in the arithmetic does not daunt the prophets of doom. They ignore the seven heads and concentrate

All change

While the world awaits action in Lonrho's sanctions-busting battle with Shell and BP, the legal team representing Tiny Rowland's board continues to enjoy a game of musical chairs. The two QCs recently dropped, Charles Sparrow and Gavin Lightman, I can reveal, lost their places because they advised Lonrho not to pursue certain aspects of the affair. Into their seats slipped Jonathan Parker, QC and Robert Wright, QC.

They demanded and got a three-week adjournment to bone up on the case but when it reopened this week I could detect no sign of new man Wright. Instead, there was yet another new face in the ever-changing legal line-up: that of Alexander Irvine, QC. And he did little to endear himself to the oil companies with his first contribution, which was to ask for an adjournment until next Easter. Acrimonious exchanges ensued, and will doubtless continue this morning.

History maker

Happier news from a troubled corner of the insurance world. I hear that this morning Peter Bowring, chairman of C.T. Bowring, hopes to fill one of the many senior vacancies created by the wave of departures which followed the group's takeover by Marsh and McLennan of the U.S.

Lambert Coles, 58, has been with the Bowring group for 30 years, spending the past 20 years as an underwriter with syndicate 40. He is to be offered a

posting to the chair of C.T. Bowring Underwriting Agencies to fill the gap created by the departure of Peter Stoddart.

Active in Lloyd's self-regulatory matters, Coles beaded a working party whose travails yielded a basis for some of the Fisher proposals. It also drafted the controversial rule which limited ownership of Lloyd's brokers by outsiders to 20 per cent. This sparked the wrath of the Americans, blocked an earlier takeover approach by Marsh and McLennan for Wigham Poland, and led to pooling proposals being made by Bowring to Marsh, which ultimately progressed to takeover. The rest is history.

Pirate Pravda

While anyone can make fun of the Russian bear from a safe distance, there are few, I feel, willing to penetrate its cage and stamp on its toes. Yet the intrepid Vincenzo Spasigna, editor of the Italian satirical magazine *Il Male*, has done just that. He has printed 9,000 copies of a pirate version of Pravda—identical to the real thing in every respect except content—and is currently popping them through a clandestine letter box in the Iron Curtain.

The paper consists of four pages in Cyrillic script, laid out in that unappetising fashion so well suited to the Soviet authorities' notions of "news," and informs the reader that since the entire Soviet leadership has been swept away in a bloodless coup, free elections will follow shortly.

'Out' patient

And then there was the shop steward who was so unpopular that when he went into hospital the only "get well" card he got came from the nurses.

Observer

There's more to St Quintin than meets the eye



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Trident . . . and inflation: battling on

CONTRARY to some suggestions, there is a good deal of public information available about Britain's strategic defence. Much of it has come from the International Institute for Strategic Studies, some of it filtered through Select Committees of the House of Commons.

The present Government has done more than any of its predecessors to add to the store by the statement on the upgrading of nuclear warheads in the House last January and through the document which accompanied the decision to replace Polaris with Trident this week.

The basic problem is not lack of information, but how to make the best political judgment. The Government decided to move fast for a number of reasons. It wanted an agreement with the Americans

because it is a proven system and offers the best bang for a buck. The document published on Tuesday is revealing about this. It makes absolutely plain that the weapons will be targeted on Soviet population centres and will threaten very considerable damage: the cities are actually described as "key aspects of Soviet state power," but there is no doubt what is meant.

Incidentally, the document also contains what must be a mistake when it says in paragraph 38 that "Western deterrent concepts do not envisage trying to catch Soviet missiles in their silos." Surely the American concept does include that. The distinction is between the American deterrent which covers both cities and military-industrial targets, and the British, which aims to deter by threatening population centres at once.

Anyway, there can be little doubt that the Government has chosen a genuine strategic force. The doubts arise about the cost and how the deterrent fits into the alliance.

An agreement was wanted before the U.S. election

before the U.S. elections; otherwise the negotiations might have had to have been reopened under a new Administration. Mr. Francis Pym, the Defence Secretary, also concluded that the decision had to be taken quickly in order to ensure that the replacement would be ready in time.

Clearly, the Government is sufficiently worried about the state of European defence in general and the robustness of some of the smaller members of NATO in particular to believe that the need for an independent British strategic deterrent will persist.

Trident was chosen largely

because it is a proven system and offers the best bang for a buck. The document published on Tuesday is revealing about this. It makes absolutely plain that the weapons will be targeted on Soviet population centres and will threaten very considerable damage: the cities are actually described as "key aspects of Soviet state power," but there is no doubt what is meant.

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Howe's season of confidence

TIMES when the Chancellor of the Exchequer exudes confidence are relatively rare in the life of any government. There was a period in 1978 when Mr. Denis Healey could fairly claim to have brought down inflation by courtesy of the IMF and to have restored a degree of economic stability. But it did not last.

It is happening again now. Sir Geoffrey Howe, the present Chancellor, is confident all over, and not only because of the cut in minimum lending rate and the distinct probability of another cut to come before the Parliamentary recess. Sir Geoffrey believes that he is winning the intellectual argument. After 15 months in office, at least some of the economic indicators are beginning to move in the right direction.

The argument goes like this. The Government initially underestimated the rate of monetary growth that was already in the system. It also underestimated, despite all its preparations in opposition, just how difficult it

was first to cut, and then to control public expenditure. Lastly, it vastly overestimated people's willingness to accept voluntary pay restraint. It was the level of wage settlements which most alarmed the Government in its first year.

Now, however, all these elements are coming under control. The money supply is more or less in hand. The rate of inflation is starting to come down and could drop quite sharply in the new year—much lower than the 16.5 per cent annual rate currently forecast for November. Interest rates have already begun to follow inflation down.

The central problems remain public expenditure and pay settlements. But even here progress is being made. Expenditure is now being monitored much more closely, while on pay the Government is acting by a mixture of exhortation and example—witness, for instance, the way it declined to accept in full the Boyle recommendations on top people's salaries. In any case, settlements are almost bound to

On pay the Government is acting by a mixture of exhortation and example

come down as inflationary expectations decrease and, one might add, as unemployment rises.

Besides, there has been a change in the intellectual climate. A few months ago left-wing economists and politicians tended to oppose monetarism outright as being unworkable. Now Sir Geoffrey can quote

them as saying: "Of course, we always said that control of the money supply would have an effect on reducing inflation, but the question is 'at what cost?'"

In other words, the critics have shifted their ground. They have begun to admit that inflation will be curbed, at least temporarily, but they wonder about the price in terms of unemployment, bankruptcies and the future of manufacturing industry. Sir Geoffrey regards this as evidence that he has won the first part of the battle.

It is true that this claim is disputed by trades union leaders who argue that all that the Government is really offering is old-fashioned deflation. But we shall come to that in a moment. Sir Geoffrey would say that the Government is acting on the principles laid down in "The Right Approach to the Economy."

That was the document published in 1977, some of whose recommendations failed to find a place in the Party Manifesto at the General Election. Mrs. Thatcher in particular objected to the idea (a brainchild of Sir Geoffrey) that the National Economic and Development Council (Neddy) might be used as a forum "where the major participants in the economy can sit down calmly together to consider the implications for prosperity as well as for unemployment and pay bargaining—of the Government's fiscal and monetary policies."

It was the suggestion of a pay "norm" or "target" that caused controversy in the Party. The document denounced the idea, but added: "Yet in framing its monetary and other policies the Government must come to some conclusions about the likely scope for pay increases if excess public expenditure or large-scale unemployment is to be avoided;

and this estimate cannot be concealed from the representatives of employers and unions whom it is consulting."

Sir Geoffrey would claim that, despite Mrs. Thatcher's original objections, Neddy is now being used as the forum where the Government's macro-economic policies are discussed. There is, however, one significant departure from "The Right Approach to the Economy." The Chancellor has moved on from any idea of there being a figure

People accept lower pay settlements at a time of rising unemployment

for pay settlements. It was the insistence on a set figure, he believes, that helped undermine the Callaghan-Healey incomes policy.

The idea now is that there should be a spread. Hence the Government's approach to the Boyle recommendations: it awarded some increases of 5 per cent, some of 3.6 per cent and some in double figures. That was meant to be an example of how settlements might be made in the private sector, according to the employer's ability to pay.

Of course, Neddy cannot be pushed too far, too fast. Sir Geoffrey believes that the process ought to have been started 20 years ago in order to be having its full effects today. But at least a start has been made even if the results are not very visible. The union leaders who attend, it is said, do at least listen to the Chancellor's arguments and take the point, for example, about the need for higher productivity.

There is another change, also suggested in "The Right Approach to the Economy," which has now been accomplished. Mr. Gordon Richardson, the Governor of the Bank of England, has become a participant in the Neddy meetings. He is said to be an effective performer. Again it is all part of the process of seeking to win the intellectual argument that the economy can only be expected to recover when inflation is under control.

The unions would dispute that whole description of the way that Neddy is working. They say that it survives largely because discussion of macro-economic questions is avoided; meanwhile it does a valuable work on the micro level. They welcome the inclusion of Mr. Richardson, but mainly because it exposes him more to trades union arguments. They continue to believe that the Government's real economic policy is simply deflation and that it will be obliged to change tack when the level of unemployment becomes politically intolerable.

According to union participants in Neddy, the Government will then start to pump money into the economy and we shall be back to the old familiar pattern of rising inflation. In other words, nothing has changed in human nature. People accept lower wage settlements at a time of deflation and of rising unemployment, but they go for much higher settlements as soon as the Government gives the nod to expansion. In the meantime, a certain alliance is being formed between the unions and the Confederation of British Industry, not least against the strong pound.

That is a respectable view which has certainly not been disproven. The political pressures on the Government to change course as unemployment

rises will be intense. But Sir Geoffrey's views have not been disproven either. The test will come when it is seen whether new jobs arise as inflation is brought under control.

One should not underestimate the Chancellor's strength. For the moment, his position in the Cabinet is unchallenged. He will almost certainly successfully resist party pressures for the abolition of the Clegg Commission on the grounds that some machinery must be kept available for the time when pay comparability may again become an issue. He will also resist any pressures for a weakening of the pound. The argument here is on two grounds. The first is that the authorities should not intervene very much in the exchange markets because you cannot really argue against market forces. The second is that a

Political pressures to change course will be intense

strong pound brings discipline in its train, forcing employers to control their costs and to move up-market to higher value added goods.

It is no longer assumed that the pound will necessarily fall along with interest rates. On the contrary, it may stay up because the markets believe that the Government's policies are working. One suspects that Sir Geoffrey would prefer the latter. The reaction of the CBI, as well as the unions, may be different.

Malcolm Rutherford

Letters to the Editor

PAYE computer system order

From the Chairman, Honeywell.
Sir,—There has been much discussion in Westminster and Whitehall, and in the computer industry of late (reflected in more column inches and air time than computer industry affairs customarily attract) about the manner in which the proposed PAYE computer system, reportedly to cost around £150m, should be acquired. Open tender, or single tender to ICL? That is the question, and it is one to which, as might be expected, the answers have come thick and fast, depending on the commercial interests or points of view involved.

The largely predictable course of this discussion has revealed one quite extraordinary assumption, namely that a decision to go open tender would be the death-knell for ICL so far as this contract is concerned. I hope that ICL is not among those who make such an assumption, for nothing could more dishonour the company from any further consideration in this matter.

Yet if ICL does believe that, then with the contract on merit, it is not right — for the Government, the taxpayer, the computer industry in this country, and for ICL itself — that the company should be invited to demonstrate its ability to do just that.

There is another assumption implicit in the current discussion — more understandable but equally false — that if the PAYE contract is not awarded to ICL then Britain loses out. Such an assumption pays scant regard to the thousands of British men and women employed by the other computer manufacturing companies in this country (British-led, if not British-born, companies) whose commitment and contribution to Britain in terms of investment, know-how, exports, employment, retained profits, and applied technology, bears comparison with ICL's own.

The British computer industry, if it is to mean anything, must surely mean British people. Or is it to mean just some preferred British people working for a preferred computer supplier? Britain is one nation. Should it not also be one computer industry, applying information technology whatever its source — for the good of the country? L. R. Price, Honeywell House, Charles Square, Bracknell, Berkshire.

Pippins are delicious

From the Vice-Chairman, The Marketing Society.
Sir,—One of the most negative marketing campaigns of recent months must be the constant free publicity afforded, in the Press and on the radio, by all sections of the British apple industry to their main foreign competitor.

The latest and apparently naive example was the announcement of an agreement to limit the distribution of that competitive product, an agreement which was immediately denied by the important multiple retailers. Incidentally, not only does the industry give publicity to the main target of their annoyance but also to similarly described fruit from other countries. The

Rates of pay

From Mr. S. Mizel.
Sir,—Those involved in the comparability argument may be interested in these extracts from two advertisements appearing alongside each other in the current issue of a personnel digest. The first is for a post in local government, the second is for one in private enterprise.

"Personnel manager. Salary £11,746 to £12,591, plus allowances. Excellent working conditions include a nine-day fortnight, free life insurance, a settlement allowance of up to £750 and provision of housing accommodation. Trade union membership is a condition of service."

"Store personnel manager. Salary £5,500. The successful applicant will need to work under pressure and be prepared to give the sort of commitment which will inevitably mean longer than average working hours."

Monetary policy and inflation

From Mr. Z. Res.
Sir,—Samuel Brittan's Lombard column on public sector borrowing requirement (July 17) neatly puts to rest the idea that good inflation accounting is helpful as a "good guide to fiscal and monetary policy." (As the on-going research programme at the Manchester Business School suggests, good inflation accounting is not a good guide to management accounting in the private sector either.) Taylor and Threadgold provide a backdoor justification for inflationary finance: the ex-post inflation adjusted budget deficit was very small in 1975 with an inflation rate of 23 per cent, pushed to the extreme, as Samuel Brittan points out, the German authorities were running an inflation-adjusted surplus in the hyperinflation period of the 1920s.

The June Bank of England quarterly bulletin approximates the inflation-adjusted budget deficits by removing net debt interest payments on official debt. This carries the misleading connotation that debt interest payments are different in kind from other expenditure by the public sector. This is, however, not the case. If, for example, debt interest payments were being funded at around £10bn per annum are financed through the banking system, the public sector would again be starting another round of inflation. If policy goes further and starts to monetise (i.e. convert into money) liabilities, the public sector debt, inflation will go even higher, and make the inflation-adjusted public sector debt even smaller.

Samuel Brittan provides a vague definition of the correct budget deficit as "that which can be financed without inflationary borrowing from the banks and without inordinately high interest rates." For example, in 1980-81, is it £5bn, £10bn or £15bn? If we take a figure of £15bn it is clearly too high. That this is the case can be shown by two examples, in which I assume that real output is constant and that market expectations do not have perfect foresight. At one extreme, suppose that the deficit is financed through the banking system. In this case the public sector contribution to domestic credit expansion will be £15bn. Domestic liquidity will expand rapidly, interest rates will fall and private sector credit demand will expand rapidly. The inflationary wave thus generated will lead to eventual collapse of the private sector demand for credit. To the extent that inflation is anticipated, interest rates will fall by less and the private sector squeeze will be that much quicker. This scenario is similar to the first half of the 1970s; in real terms the public sector deficit would eventually be shrinking. At the other extreme, suppose that the deficit is financed by gilt sales. In this case the public sector will not be contributing to inflation, but interest rates will have to remain high from the start. The policy scenario is probably preferable on inflation considerations, but financial crowding out of the private sector again occurs. Needless to say, the actual outcome will be between these two extreme examples.

The final point worth considering is the notion that the PSBR should fluctuate over the previous cycle and act as a built-in stabiliser. This would be a desirable policy objective if the economic cycle could be forecast reasonably accurately. But, the most notorious failing of econometric models and other sophisticated tools of forecasting is the inability to judge turning points of the cycle. Also, changes in tax structure, the social security system, partial indexation, minimum wage laws, etc., change the form of the built-in stabilisers. Under such conditions the contribution of a counter cyclical movement in the PSBR to real economic activity would be difficult if not impossible to measure. A less ambitious objective would be to go one step further on the medium-term financial plan and announce targets for the rate of increase in nominal expenditure of the public sector each financial year, coupled with a nominal PSBR objective. Zannis Res.

Imperial longings

From Dr. F. Pearce.
Sir,—Mr. Stephen J. Stewart wrote (July 16) to upbraid all who would metricate and advocated that we achieve single working by simply reverting to Imperial measurement. But Mr. Stewart is vice-chairman of Greater London Council's Historic Buildings Committee. At first sight, this doesn't seem to be a quarter having much to do with modern needs or with the modern technology on which we all depend. I am probably doing Mr. Stewart a disservice: he is doubtless an experienced engineer or scientist who just thinks independently.

Mr. Stewart implies that metrication was imposed on us by the EEC. How much longer is this nonsense to be perpetuated? This country started on the metric road long ago, and attempted to move more quickly after 1965 for purely scientific and industrial reasons. EEC is not pressing us to metricate; recently it acquiesced in a UK back-off and we don't even have to consider changing some key measurements until 1989. It is probably uncharitable to suspect that some of our competitors are quite prepared to let the UK continue to generate unnecessary cost, if it wants to.

Mr. Stewart calls on the Minister to "bow to public opinion" and revert to Imperial. Quite apart from the fact that the Government itself recognises that we are too far along this road to turn back to what public opinion is Mr. Stewart referring? The last formally conducted survey that I heard about in fact found that "72 per cent of persons accepted that the metric system would make trade and business easier, and 84 per cent believed they would be able to cope."

Complete the metric drive

From the Chairman, Archibald Kenrick and Sons.
Sir,—It is pleasing to read (July 14) that the Confederation of British Industry and the Retail Consortium are urging a completion to the metrication programme. Only good can come of this. In our company, thousands of pounds are tied up in stocks of products that are required in Imperial at home and metric abroad. The chances of an expensive muddle are also considerable.

Whether you favour Imperial or metric (as exporters we favour the latter), to be in the middle of both has to be the worst of both worlds. Think of all the schoolchildren, currently being taught metric. The older ones are having to be taught Imperial now, so that they can enter industry! This is a ludicrous waste of time, money and effort, all of which could be better allocated.

Surely the Government can understand this. This is a certain case where a positive move to completion is needed, regardless of a minority by which any change will be resisted as a matter of course. M. J. Kenrick, Archibald Kenrick and Sons, PO Box 9, Union Street, Kenrick Way, West Bromwich, West Midlands.

Today's Events

GENERAL
UK: Lord Thorpecroft, Conservative Party chairman, and Lord Carrington, Foreign Secretary, speak at Welsh Conservative Party annual conference, Swansea.
Mr. Michael Heseltine, Environment Secretary, addresses Royal Institute of British Architects' conference, Newcastle.
Mr. Patrick Jenkin, Social Services Secretary, speaks at Oxford.
Lord Soames, Lord President of the Council, speaks at Upper Thames Euro Constituency dinner, Abingdon.

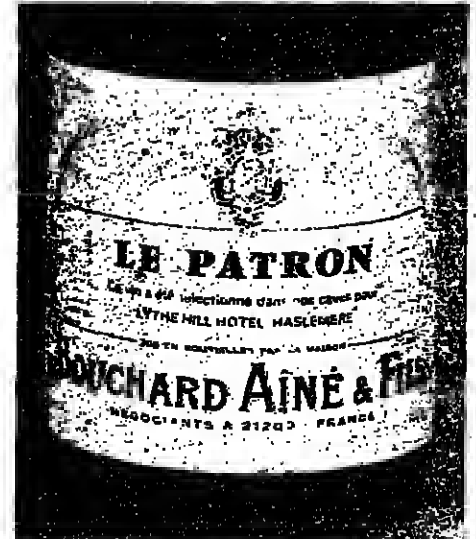
Mr. Nigel Lawson, Treasury Financial Secretary, speaks at Debenham, Suffolk.
Mrs. Sally Oppenheim, Consumer Affairs Minister, speaks at Alnvaen.
Sir Peter Gadsden, Lord Mayor of London, attends presentation of the Queen's Award for Export to the Financial Times, Bracken House; attends opening of the London Posts exhibition, National Postal Museum; lunches with the chairman and council of the American Bank Association of London at Chase Manhattan Bank, Basinghall Street.

Overseas: St. Francisco Sa Carneiro, Portuguese Prime Minister, meets President Valery Giscard d'Estaing in Paris to discuss Common Market entry.
PARLIAMENTARY BUSINESS
House of Commons: Motion on the Appropriation (No. 2) (Northern Ireland) Order.
Select Committee: Defence. Subject: D-Notice system. Witnesses: Mr. Chapman Pincher; Mr. Jonathan Aitken, MP; The Guardia.

COMPANY MEETINGS
Dorington Investments, 18, Hans Road, SW, 11. Francis Parker, Avistord Park Hotel, Walburton, Arundel, West Sussex, 12. Northern Goldsmiths, The Royal Station Hotel, Neville Street, Newcastle-upon-Tyne, 12.

COMPANY RESULTS
Final dividends: Black Arrow Group, Sheffield Refreshment Houses, interim dividends: Dewhurst and Partner, Glasgow Stockholders Trust, Lloyds Bank, Robert H. Lowe, Roney Trust.

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UK side lifts Unigate over £50m

AN IMPROVED performance in the UK for Unigate, which can offset a decline in overseas contributions and account that the milk, meat, food, transport and engineering group increased pre-tax profits to £51.4m for the year to March 31, 1980, compared with £45.4m for the previous 12 months. Turnover climbed from £1.15bn to £1.34bn.

In the first 24 weeks, profits before tax had advanced from £15.1m to £18.3m.

Trading profits for the full period rose from £30.1m to £34.5m, struck before associates' contributions of £0.4m (£0.5m) and halved interest charges of £3.6m.

Profits were split between milk and meat products (£28.7m); meat and meat products, £5.8m (£6.5m) and transport, garages and others £5.7m (£5.1m), including £0.5m this time on the sale of properties.

Tax with SSAP 15 applied, took £10.1m (£8.3m)—on a fully deferred basis the charge would have been £9.6m (£8.7m). Basic earnings per 25p share improved from 17.25p to 18.55p and

the dividend total is raised by 1p to 5.7p net with a final of 5.7p (5.2p).

Extraordinary credits of £18.7m (£19.3m), reflected the surplus of £30.8m, less tax of £12.1m, on the disposal of the group's creameries to the Milk Marketing Board. After minorities and preference dividends, profits attributable to ordinary holders were £24.4m higher at £59.4m.

In the UK, the group lifted trading profits from £42.4m to £48.9m, but there was a fall from £2.6m to £2.1m in the U.S. and from £2.3m to £1.8m in Australia and New Zealand. Contributions from other countries fell back to £1.5m (£2.9m).

Mr. John Clement, the chairman, said he was "overwhelmed" by U.S. economic prospects and he was looking for group expansion in this country. "I still think the U.S. are likely to recover faster than anyone else," he said.

The chairman was not despondent about the outlook in the UK although he added that the recession would be longer than most people felt.

Group capital spending last year increased to around £55m, but how much this would vary this year was uncertain. "In the current environment everything is being reappraised," said Mr. Clement, who was looking for returns of over 20 per cent before tax on new capital projects.

The chairman declined to give any indication regarding the group's continuing acquisition policy following the creameries sale.

He noted that Unigate's new 21st East London milk processing plant would be coming on stream shortly, as would a big increase in capacity at the relatively small Gadenia factory in Los Angeles, which specialises in cheeses for products such as pizzas.

Mr. Clement said he was hoping for a quick Government decision on the application for a 1p per pint milk price increase. This would be a "sensible" increase but "not a bonanza".

The group's product "Gold", which was launched at a market position between butter and margarine, had met with good consumer acceptance but had not so far been profitable. After

Syltane improves to £1.84m and pays 9p

SECOND-HALF taxable profits of Syltane increased from £0.72m to £1.02m giving the engineer-10%, pipe system supply and wholesale electrical distribution group a higher figure of £1.84m for the year ended March 31, 1980, compared with £1.42m previously. Turnover for the full period rose by £3.1m to £18.06m.

In the first quarter of the current year, profits of all group companies have been affected by the general economic conditions in the UK. However, the board has been heartened by export orders, which are on target and showing the anticipated growth despite the strong pound.

Measures are being taken in each company within the group to contain the current situation, while retaining potential for expansion as soon as general economic conditions improve.

The dividend for the year is stepped up by 2p to 9p net per 25p share, with a final of 7.2p (5.456p).

Interest charges for the period jumped from £24,000 to £181,000, while tax was up sharply to £702,000 against £583,000.

Haslemere Estates above forecast with £1.25m lift

A £1.25m RISE in pre-tax profits to £5.37m was achieved by Haslemere Estates, the property investment and development group, for the year ended March 31, 1980. This compares with a forecast of more than £4.5m made at the interim stage.

First-half taxable profits had grown from £1.82m to £2.41m, but with interest charges expected to increase, it was anticipated that the second-half result would be lower. In the event, profits for the latter period were £2.96m (£2.3m).

Net rental income for the year climbed from £2.1m to £10.84m. No account has been taken in pre-tax profits of capital items of £0.27m (£1.46m), which have been credited in full to capital reserve.

Earnings per 10p share are stated lower at 11.88p, against 13.25p, but the dividend total is raised from 4.47p to 5.2p net with a final of 3.35p.

The properties in the group's investment portfolio were valued at £173.23m at the year-end.

Properties in the course of development or held for development total £5.12m and represent property valued at £4.75m at April 1, 1979, and the balance at cost.

Stock held by trading subsidiaries at the year-end was £2.94m.

The chairman says savings in administrative costs have now been made and the internal structure overhauled and the Board is confident that when trading conditions improve throughout the country, the company will be in a healthier state to compete.

He adds that overhead costs are too high. Corrective action is being taken and as a result redundancies are being forced on the company, but the savings achieved have come too late to have any appreciable effect on the half-year's figures.

It is hoped to show an improvement in the second half, but this depends on some practical help being forthcoming from the Government to stimulate both production and sales. However, he says, the creeping paralysis which now threatens the whole textile industry in this country at present shows no sign of improvement.

After tax down from £31,000 to £21,000, stated earnings per 25p share are down from 13.1p to 9p. The interim dividend is unchanged at 1.2p—last year's total was 3.8p from pre-tax profits of £1.08m.

Berisfords dives to £0.1m

WITH pre-tax profits for the six months to May 18, 1980, plunging from £520,000 to £102,000, the chairman of Berisfords, Mr. John Sebire, says that the group has also been affected by the high level of borrowing and the abnormally severe rates of interest. Turnover was up from £4.7m to £5.25m.

Export sales of this manufacturer of ribbons, trimmings, labels, lampshades and embroidery, show a satisfactory increase in volume, but, due to the strength of sterling, the profit is reduced, and in some markets the company can only maintain a holding operation until margins improve, he states.

The company's capital expenditure programme is practically complete and new products were just coming on to the market when the nationwide recession

Wearwell earns and pays more

Taxable profits of clothing manufacturer and wholesaler Wearwell more than doubled in the 12 months to May 2, 1980, to £1.61m, compared with £750,195.

At mid-year the directors reported a surplus up from £308,000 to £624,000 and said the second half had started "enormously well", with the rate of sales accelerating.

The continued increasing demand for the company's products has led to full order books and the board says it confidently looks forward to another record year in terms of turnover, profits, dividends and earnings per share.

Sales for 1979-80 rose by £1.99m to £10.03m.

The surplus was struck after depreciation of £123,263 (£89,373) and interest of £431,735 (£234,619).

Tax charged was £96,978, against a credit of £9,405, leaving earnings per 5p share of 8.1p (4.7p).

A final dividend of 1.7p (0.8p) makes the net total 2.5p (1.1p).

After an extraordinary credit of £7,912 (£10,064) profit retained increased from £592,370 to £1,03m.

comment

A three-month strike at Turkish Airlines may have cost Wearwell up to £5m in lost sales and £500,000 in profits, but the group has still accelerated its growth rate over the second half. The higher margin is largely attributable to the transfer of about 50 per cent of its

Allnatt London over £5m

Taxable profits of Allnatt London Properties, industrial property group, rose from £4.35m to £5.15m in the year to March 31, 1980. At halfway the company reported profits of £2.33m, against £1.95m.

After tax of £2.46m (£2.05m) the balance is £2.73m (£2.3m). There was an extraordinary credit of £74,000 (£754,000).

A final dividend of 3.2p makes a total for the year of 3.7p (3.225p) adjusted for scrip. Earnings per 25p share are given as 7.06p (5.85p).

comment

With turnover down from £53.81m to £44.17m, Allnatt London slumped further into the red during 1979 incurring a taxable loss of £15.78m compared with a loss of £7.87m the previous year.

The company, which manufactures equipment used in road-making, building and contracting and which is also a subsidiary of BL Ltd, recorded an attributable loss of £24.03m (£7.89m) after an extraordinary debit of £8.24m (nil).

Intl. Paint UK volume depressed

OVERSEAS companies of International Paint Company, a subsidiary of Courtaulds, had for the most part made a reasonable start to the current year, but in the UK, sales volume was down for the first quarter, members were told at the annual meeting.

Despite a wide geographical and market spread, which provided some protection against recession in individual countries, the directors said that the group could not be immune against a general and significant reduction in world trade.

The situation in the UK, in particular, was serious, with many of the industries the company supplies to a greater or lesser extent in difficulty. Nor was there an immediate prospect of improvement, they added.

International was taking care to preserve its strong cash position, taking determined efforts to improve efficiency, and was looking out for opportunities for growth, it was stated.

While not making a forecast for the year, the directors remained optimistic and determined.

For the year ended March 31, 1980, pre-tax profits were £20.41m (£19.18m) on external sales of £239.5m (£217.3m).

Hill Samuel Australia up

Net profits of Hill Samuel Australia, wholly-owned subsidiary of Hill Samuel Group, rose sharply from A\$1.58m to A\$2.28m for the year ended March 31, 1980.

The UK-based group's interests include merchant banking, insurance and ship

Victoria Carpet marks time

DETERMINATION to restore the prosperity of Victoria Carpet Holdings and to expand the workforce as soon as the carpet market improves, is expressed by Mr. C. C. Taylor, chairman in his annual report.

"Sadly, we see little prospect of this becoming possible in the current year," Mr. Taylor states.

The group's policy is to minimise the damage caused by the recession in the UK so that full advantage can be taken when trade improves. Exports have increased against the industry trend and reflect efforts to maintain the close contact and service in the various overseas markets.

For the year ended March 29, 1980, pre-tax profits were well down from £700,851 to £14,157, but turnover of £15.36m against £15.01m.

Australia recorded an increased turnover but the improvement was cancelled out in sterling terms by the change in the exchange rates. A slight improvement in the next few months is expected from present low levels.

At June 20, 1980, Greenbrook Securities held 14.05 per cent of the group's ordinary shares and Hong Kong and Shanghai Bank Nominees (Jersey) held 13.8 per cent.

Meeting, Kidderminster, August 13, at 3 pm.

HUNTING ASSOC. OUTLOOK DIMS

In contrast to earlier expectations, Mr. L. C. Hunting, chairman of Hunting Associated Industries, told the annual meeting that profit in 1980 was now unlikely to show an improvement on 1979.

Hunting had told shareholders in May that an improved result was expected this year but since then certain aspects of the group's activities were being adversely affected by the recession.

In addition, the trading of the group's Channel Islands airline company had been disappointing, as a result of poor weather, increasing fuel costs and inadequate loads factors on return flights to the islands.

Despite these setbacks, the chairman said he had full confidence in the future of the group.

Glass Glover ahead in first half

BETTER THAN expected first half trading has lifted taxable profits of Glass Glover Group, food distributors and fruit and vegetable importer, to £211,279 in the six months to March 31, 1980, compared with £174,223.

While the same rate of growth is not expected to be maintained in the remainder of the year, the directors are confident of second-half profits in excess of the £260,000 earned in the corresponding period in 1979 and an improvement on the last full-year's pre-tax surplus of

EUROPEAN OPTIONS EXCHANGE									
Series	Vol.	July	Last	Vol.	Out.	Jan.	Last	Stock	
ABN C	F.300	21	5.90	1	4.60	—	—	F.505	
ABN G	F.310	7	0.10	—	—	—	—	—	
AKZ C	F.210	198	0.20	35	1.70	40	1.2	F.22.40	
AKZ G	F.220	15	0.20	1	0.70	10	0.90	—	
AKZ C	F.230	168	2.50	35	2.70	4	2.50	F.66.50	
AKZ G	F.240	2	0.40	—	—	—	—	—	
ARB C	F.60	1	1.40	—	—	—	—	—	
HEI C	F.55	—	—	1	5.80	—	—	F.69.90	
HEI G	F.60	10	0.40	—	—	1	5.1	—	
HEI C	F.60	—	—	—	—	—	—	—	
HO C	F.80	—	—	4	0.30	—	—	F.16.80	
IBM C	F.80	—	—	13	3	—	—	—	
IBM G	F.70	—	—	—	—	—	—	—	
KLM C	F.70	42	3.40	—	0.60	—	—	F.63	
KLM G	F.70	—	—	15	1.80	—	—	—	
KLM C	F.80	—	—	10	0.70	—	—	—	
KLM G	F.70	124	6.10	8	—	—	—	—	
KLM C	F.70	15	16.00	—	—	—	—	—	
NAT C	F.100	15	15.50	—	—	—	—	F.175.30	
NAT G	F.104.50	7	11.60	4	11.00	—	—	—	
NAT C	F.104.10	1	1.10	13	7.60	—	—	—	
NAT G	F.110	6	4.20	13	—	—	—	—	
NN C	F.120	2	—	42	2	3	1.70	—	
PHI C	F.200	2	—	3	1.80	—	—	F.22.55	
PHI G	F.17.50	71	0.40	35	1.50	140	0.50	F.17.90	
PHI C	F.20	0	—	36	0.20	20	0.50	—	
PHI G	F.30	0	1.80	—	—	—	—	—	
RO C	F.150	8	—	380	2	56	2	F.175.50	
RO G	F.190	632	15.10	388	18	10	16.60	—	
RO C	F.170	1731	5.20	680	8.50	237	8.50	—	
RO G	F.190	—	—	96	0.70	10	0.70	—	
RO C	F.190	—	—	287	8.50	18	4.50	—	
RO G	F.170	75	0.10	23	7.90	5	2.50	—	
UNI C	F.116	20	—	33	4.90	54	—	F.128.50	
UNI G	F.120	12	—	—	—	—	—	—	
UNI C	F.120	—	—	1	1	27	2.60	—	
UNI G	F.120	—	—	11	3.20	—	—	—	
XON C	F.80	1	2.1	—	—	—	—	—	
BA C	F.33	4	4.1	—	—	—	—	—	
BA G	F.148	—	—	—	—	10	2.90	—	
TOTAL VOLUME IN CONTRACTS 0394									
C=Call P=Put									

LONRHO

Half-Yearly Results

The unaudited results of the Lonrho Group of Companies in respect of the six months ended 31 March 1980, are as follows:—

	6 months to 31 March 1980	Restated 6 months to 31 March 1979	Percentage increase
Turnover	£m 1,004.3	£m 726.6	38.2
Profit before tax	51.9	29.4	76.5
Tax	23.6	13.6	
	28.3	15.8	
Minority interest	8.8	2.6	
Profit attributable to Shareholders before extraordinary items	19.5	13.2	47.7

Notes:

- In accordance with Lonrho's accounting policies the results of its overseas operations for the six months to 31 March, 1980 have been translated at the rates of exchange ruling at 30 September, 1979. For comparative purposes the results for the six months to 31 March, 1979 have been restated at the rates of exchange at 30 September, 1979. The 31 March, 1979 figures have also been restated as required for comparative purposes to reflect the change of accounting policy for depreciation written back on revaluation of fixed assets, effective from 1 October, 1979, as reported in the Lonrho 1979 Directors' Report.
- Turnover includes associate turnover of £188.5 million (1979—restated £147.1 million).
- Profit before tax includes profits from associates of £17.0 million (1979—restated £10.1 million).
- Tax Charge: because of the proportion of Lonrho's profits from the United Kingdom and the incidence of stock relief, the tax charge provided at the half year can only be estimated.

Dividends

The Board has declared an interim dividend of 3p per share (equivalent to 4.2857p per share including the related tax credit)—1979 2.640p per share, equivalent to 3.7714p per share, including the related tax credit—for payment on 31 October, 1980 to Shareholders on the London register at 5 September, 1980 and on the Johannesburg and Sainsbury registers at 1 August, 1980. This dividend is in addition to the special interim dividend of 1p per share (equivalent to 1.4286p per share including the related tax credit) declared on 4 February, 1980 and paid on 3 April, 1980.

Lonrho Limited, 138 Cheapside, London EC2V 6BL 17 July 1980

The Pension Fund Property Unit Trust

Total Assets top £250 million

Highlights of the statement by the Chairman Mr. C. J. Baker

- Excellent results were achieved—the unit price rose by 19 per cent and distributions by 23 per cent.
- The annual rate of return, capital and income combined, on PPFUT Units in the calendar year 1979 was 25 per cent. This compared with 10 per cent from equities and 5 per cent from gilt-edged securities.
- Large increases in capital values have been obtained in all the United Kingdom sectors of the portfolio and especially in the agricultural sector where PPFUT's investments total nearly 50,000 acres. This sector increased in value by 35 per cent over the past financial year.
- Property purchased during the year amounted to £13m. Substantial amounts have also been spent on refurbishment and lease improvements. In the United States the Trust concluded the purchase of a warehouse development in South San Francisco and further acquisitions are under consideration. A substantial office and shop development in Germany is nearing completion and is already 90 per cent pre-let.
- Institutional demand remains strong and, with the prospect of declining interest rates, there seems to be strong support for the present level of property values.

Copies of the Report and Accounts may be obtained from the Secretary, 73 Brook Street, London W1Y 1YE.

Summary of Results	25th March 1980	25th March 1979
Property Investments at Valuation	£229m	£177m
Total Net Assets	£251m	£207m
Gross Income	£14m	£11m
Units in Issue	122,366	120,337
Fair Value of a Unit	£2,050	£1,710
Distribution per Unit	£109.80	£89.40

The Pension Fund Property Unit Trust is one of four property unit trusts managed by The Property Unit Trusts Group on behalf of over 750 pension funds and charities as unitholders. The Group has funds under management exceeding £285 million.

BANK RETURN

	Wednesday July 16 1980	Increase (+) or Decrease (-) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,538,000	+ 5,038,320
Public Deposits	32,282,052	+ 215,850,000
Special Deposits	426,355,000	+ 110,685,568
Bankers Deposits	1,111,111,111	+ 13,246,300
Reserve & other Accounts	398,120,076	—
	1,468,011,622	+ 81,866,721
ASSETS	£	£
Government Securities	935,842,064	+ 402,735,000
Advances & Other Assets	215,459,254	+ 132,182,078
Premises Equipment & Other Secs.	302,555,579	+ 177,057,579
Notes	7,255,138	+ 30,345,788
Cash	255,650	+ 80,048
	1,468,011,622	+ 81,866,721
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,085,000,000	+ 75,000,000
In Circulation	10,311,000,000	+ 96,959,789
In Banking Department	7,695,128	—
ASSETS	£	£
Government Debt	11,018,500	+ 176,556,658
Other Government Securities	9,403,258,754	+ 101,556,682
Other Securities	1,910,648,146	+ 75,000,000
	10,328,000,000	+ 75,000,000

British Airports Authority Annual Report.

BRITISH AIRPORTS 1979/80

Key figures from the Annual Report:

	1979/80 £ million	1978/79 £ million
Net Assets	370.1	347.9
Total Income	191.4	162.2
Trading Profit	35.0	30.6
Capital Expenditure	54.0	33.0
Foreign Currency Earnings	67.0	58.0

Points made by the Chairman, Norman Payne, include:

Passenger numbers at our seven airports continued to grow by over 8% to 44 million.

We strongly supported the Government's airports policy decision of 17 December 1979 which approved:-

1. A fourth, but not a fifth, terminal at Heathrow.
2. A second terminal, but no second runway, at Gatwick subject to public inquiry.
3. The expansion of Stansted's capacity to 15 million passengers per annum, subject to a public inquiry.

Over the next 5 years we expect to spend £700 million on capital improvements.

We agreed a financial target for the next three years with the Government of 6% current cost accounting return on net assets.

If you would like a copy of the 1979/80 Annual Report please write to The Librarian, British Airports Authority, 2 Buckingham Gate, London SW1E 6JL.

British
Airports

Heathrow Gatwick Stansted Glasgow Edinburgh Prestwick Aberdeen

A FINANCIAL TIMES SURVEY

CHINA

OCTOBER 1 1980

The Financial Times proposes to publish a survey on China in its edition of October 1. The provisional editorial synopsis is set out below:

INTRODUCTION The post-Mao leadership gets to grips with its legacy of 15 years of radicalism and political strife. New policies start to pay off in a marginally higher standard of living, employment, culture and education prospects brighten. But continuing factionalism divides the leadership and disillusion and corruption sap the vigour of the people. However, the relative success of Peking's innovative policies point to a good long term chance of defeating its problems.

Editorial coverage will also include:

POLITICS Consolidation of Vice Premier Deng Xiaoping's grip on the leadership; disputes amongst the hierarchy over old feuds from Mao's time; tough line on free expression.

THE ECONOMY China's readjustment policy: flourishing foreign trade and more plentiful food and consumer goods; threat of inflation; new 10-year economic plan.

Foreign Affairs

Trade and Aid

Foreign Involvement

Agriculture

Industry

Management

Energy

Banking and Finance

The Military

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The contents, size and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.

Companies and Markets

UK COMPANY NEWS

Boots sales up 12.4% in quarter

WORLD SALES of the Boots Company, the Nottingham-based chemists, increased by 12.4 per cent in the first quarter, Sir Gordon Hobday, chairman, told the annual general meeting yesterday.

Counter sales at Boots the Chemists were particularly buoyant in the first two months, but slowed in June in comparison with the abnormally high level of the previous year preceding the higher rate of VAT. Overall the sales increase was about 18 per cent tax inclusive or 13 per cent tax exclusive.

The volume of dispensing was affected by the increased National Health Service prescription charges. The number of prescriptions dispensed fell, but since the average value was higher, dispensing income rose by 14 per cent.

In contrast to Boots, trading in Timothy Whites was more affected by the economic climate, and tax exclusive sales were slightly down on the first quarter last year.

Overseas retail sales, excluding tax, rose by 21 per cent on a sterling basis. For the retail division as a whole, tax exclusive sales of £298m showed an increase of 13 per cent and were almost exactly on budget. Industrial division sales were up 9 per cent to £65m.

Pharmaceutical sales in the UK were 17 per cent ahead of last year and ahead of budget. "We have achieved this in spite of increased competition in the areas of the market where we are involved," said Sir Gordon.

Our major products, Brufen, Froben and Prothiaden, are performing well as are our two new products in the range of sterile fluids for hospitals—New Steri-flex and Flowfusor.

Pharmaceutical exports were running 5 per cent behind budget and also behind last year, partly because of increased competition against anti-inflammatories in Europe and partly because of the effect of changes in a long-term contract with the Upjohn Company for the sale of ibuprofen.

Sales of consumer products showed an increase of about 12 per cent.

Sales of agrochemicals in the UK have been disappointing so far, largely due to adverse weather conditions, but exports have shown large increases.

Overseas subsidiaries together achieved a sales increase of 20 per cent in local currencies for the first six months of this year compared with the same period last year. The stronger pound, though, reduced this increase to about 15 per cent.

Despite the effects of recession, profits to date of Leigh Interests, waste disposal and builders' merchant group, were well up on the equivalent period last year, shareholders were told yesterday.

Mrs. Joan Agar, chairman, told the annual general meeting that fears for the group's business had been justified, particularly in the West Midlands. Nevertheless, the company was succeeding in its firm intention to keep on growing, to develop its business and to increase its geographical spread of activities.

The Safeway companies were being rapidly assimilated into the Leigh organisation and the Midlands operation had been merged into the Leigh group within the area.

The chemical treatment and recovery plant at Garrett's Green, Birmingham, was providing a valued addition to the group's range of services.

As already known, for the year to March 31, 1980, Leigh Interests made pre-tax profits of £1.1m on turnover of £21.2m.

GUS goes further ahead with profit up at £173m

FOLLOWING the £10.18m rise to £76.5m at midday, the Great Universal Stores improved further in the second half and finished the year to March 31, 1980, with pre-tax profits, £17.3m higher at £172.75m.

Including VAT of £162.46m against £99.08m, external turnover went ahead from £1.44bn to £1.74bn. Current earnings per stock unit are stated as 38.63p, against 36.3p, and a final dividend of 7.125p lifts the year's total from 10.5p to 11.625p.

Commenting on the results, Mr. Harold Bowman, assistant managing director, said the contributions by the various divisions have been fairly good across the board. "Mail order, retail and furniture all did their bit."

Unaudited management figures for the first quarter of the current year showed that pre-tax profits are marginally lower than last year due to the artificially high level of sales and lower costs in 1979.

Profits in 1979-80 are after charging depreciation of £24.21m (£16.14m). Tax, including deferred tax, takes £76.64m (£63.54m) leaving net profits at £96.12m against £91.82m.

There are also extraordinary credits of £992,000 (£1.71m), and £68.12m against £67.34m, is retained. Provisions for unearned profit, service charges and collection costs at March 31 this year amounted to £237.18m (£112.78m).

Mr. Bowman says there had been a strong performance from the finance division. Mail order was at present holding its own and overseas results were satisfactory.

RETAILERS pre-tax profits of the Wellman Engineering Corporation, thermal and mechanical engineer, designer and manufacturer, advanced from £692,000 to £1.41m and resulted in the group reaching its forecast of £2m for the full year to March 31, 1980, with figures of £2.02m compared with £1.03m. Turnover showed a substantial increase, moving ahead from £22.91m to £33.01m.

State earnings per 25p share are 8.66p against 5.58p, and the final dividend is raised from 1.41p to 1.75p for a net total of 3.35p (2.675p)—an increase of 25 per cent.

Mr. A. C. N. Hopkins, the chairman, says the balance sheet is healthy and at March 31 the only borrowing was the 10-year loan at 7½ per cent used in the acquisition of Wellman Thermal Systems Corporation.

Since the year-end the group has been strengthened by the acquisition of Frank Wigglesworth and Co., whose power transmission products are largely complementary to those of the Wellman Bibby Company. He says the group is continuing to look for further such opportunities.

Group operating profit for the year was up from £763,000 to £2.1m. Interest charged was £112,000 (£208,000 credit) and the associate's profit share was £30,000 (£39,000). Tax took £927,000 (£403,000) and there was an extraordinary debit of £354,000 (£186,000).

ASTBURY AND MADELEY ISSUE

Acceptances have been received in respect of 95.16 per cent of the shares offered in a one-for-eight rights issue at 103p by Astbury and Madeley (Holdings). The remainder sold for about 118p a share. The issue was to raise £814,000 for the company.

Kingdom of Sweden

Issue of Japanese Yen 15,000,000,000

8½ per cent. Bonds due 1st August, 1990

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the above Bonds:-

The Nomura Securities Co., Ltd.

Algemene Bank Nederland N.V.

Banque Nationale de Paris

Daiwa Europe N.V.

Kreditbank S.A. Luxembourg

LTCB International Limited

The Nikko Securities Co., (Europe) Ltd.

Sumitomo Finance International

Skandinaviska Enskilda Banken

S. G. Warburg & Co. Ltd.

Bank of Tokyo International Limited

Credit Suisse First Boston Limited

IBJ International Limited

Kiwit Investment Company (S.A.E.)

Merrill Lynch International & Co.

Salomon Brothers International

Yamaichi International (Europe) Ltd.

PKBanken

Svenska Handelsbanken

The Bonds have been admitted to the Official List of The Stock Exchange subject only to the issue of the Bonds. Interest on the Bonds will accrue from 1st August, 1980 and shall be payable on 1st August in each business year on any weekday (Saturdays excepted) up to and including 1st August, 1990 from:-

Rowe & Pitman,

1st Floor, City Gate House,

39-43 Finsbury Square,

London EC2A 1JA

18th July, 1980

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in fact paid and the sub-divisions shown below are based mainly on last year's results.

TODAY
Interim—Dawhurst and Partner, Glasgow Stockholders Trust, Lloyds Bank, Robert M. Lowe, Romney Trust, Black Arrow, Finsale—Allied Colloids, Black Arrow, Fairdale Textiles, Forinister, Iling.

worth Morris, Lynlon, Sheffield Refreshment Houses, Trafford Carpets.

FUTURE DATES

Interim—Bank Leumi (UK) July 28
Commercial Union Assurance Aug. 12
Jacobs (John I.) July 24
Plancin Construction July 22
Veneta Securities July 22
Finsale—Howard Shuttering Aug. 11
Ingram (Harold) July 23
McLeod Russell July 23
Trenay (Aired) July 24
Somerville (William) July 25

Lex, Back Page

Wellman on target with £2m

SECOND-HALF pre-tax profits of the Wellman Engineering Corporation, thermal and mechanical engineer, designer and manufacturer, advanced from £692,000 to £1.41m and resulted in the group reaching its forecast of £2m for the full year to March 31, 1980, with figures of £2.02m compared with £1.03m. Turnover showed a substantial increase, moving ahead from £22.91m to £33.01m.

State earnings per 25p share are 8.66p against 5.58p, and the final dividend is raised from 1.41p to 1.75p for a net total of 3.35p (2.675p)—an increase of 25 per cent.

Mr. A. C. N. Hopkins, the chairman, says the balance sheet is healthy and at March 31 the only borrowing was the 10-year loan at 7½ per cent used in the acquisition of Wellman Thermal Systems Corporation.

Since the year-end the group has been strengthened by the acquisition of Frank Wigglesworth and Co., whose power transmission products are largely complementary to those of the Wellman Bibby Company. He says the group is continuing to look for further such opportunities.

Group operating profit for the year was up from £763,000 to £2.1m. Interest charged was £112,000 (£208,000 credit) and the associate's profit share was £30,000 (£39,000). Tax took £927,000 (£403,000) and there was an extraordinary debit of £354,000 (£186,000).

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ASTBURY AND MADELEY ISSUE

Acceptances have been received in respect of 95.16 per cent of the shares offered in a one-for-eight rights issue at 103p by Astbury and Madeley (Holdings). The remainder sold for about 118p a share. The issue was to raise £814,000 for the company.

Kingdom of Sweden

Issue of Japanese Yen 15,000,000,000

8½ per cent. Bonds due 1st August, 1990

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the above Bonds:-

The Nomura Securities Co., Ltd.

Algemene Bank Nederland N.V.

Banque Nationale de Paris

Daiwa Europe N.V.

Kreditbank S.A. Luxembourg

LTCB International Limited

The Nikko Securities Co., (Europe) Ltd.

Sumitomo Finance International

Skandinaviska Enskilda Banken

S. G. Warburg & Co. Ltd.

Bank of Tokyo International Limited

Credit Suisse First Boston Limited

IBJ International Limited

Kiwit Investment Company (S.A.E.)

Merrill Lynch International & Co.

Salomon Brothers International

Yamaichi International (Europe) Ltd.

PKBanken

Svenska Handelsbanken

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Rowe & Pitman,

1st Floor, City Gate House,

39-43 Finsbury Square,

London EC2A 1JA

18th July, 1980

McKAY SECURITIES LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar.

All documents for registration and correspondence should in future be sent to the address below.

J. R. CHILTON
Director and Secretary



Lloyds Bank Limited,
Registrars Department,
Goring-by-Sea,
Worthing, West Sussex BN12 6DA.
Telephone: Worthing 502541.
(STD code 0903)

Lloyds Bank Limited

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

Kingdom of Sweden

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Japanese Yen 15,000,000,000

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London EC2A 1JA

18th July, 1980

مكازم الأصول

UK COMPANY NEWS

FIH first quarter margins hit

SALES of Ferguson Industrial Holdings, the building, engineering, supplies, furniture and printing group, increased from £18.88m to £20.08m in the first quarter to May 31, 1980, but pre-tax profits showed a sharp downturn from £801,000 to £412,000.

No division escaped the squeeze on profits, the directors say. But while it is unwise to predict the full year's results based on the first quarter, there are signs the group may have seen the worst of this year's trading, they add.

As the second quarter is affected by the holiday period, it would be unrealistic to expect much improvement before the autumn when a decline in interest rates would also help the group, says the Board.

The first quarter results are

disappointing for several reasons. Destocking by customers, increased authority spending, increased competition resulting in lower gross profit margins and continuing high interest rates have all played their part.

The first quarter also saw the implementation of a pay increase, the cost of which cannot immediately be passed on to customers.

First quarter profit is after interest of £384,000 (£244,000) and employees' profit sharing scheme, £297,000 (£118,000). Tax takes £168,000 (£240,000) leaving net profits at £247,000 against £361,000.

In the previous year ended February 29, 1980, the group achieved record pre-tax profits of £87m on sales of £80.47m. The annual report and accounts

Trustees Corporation dividend up

AGAINST THE forecast of not less than 1.4p, the directors of the Trustees Corporation are recommending a final dividend of 1.85p per 25p share for the year ended May 31, 1980, making a total of 2.75p against an equivalent 2p previously.

Gross income rose from £3.6m to £3.8m including non-recurring dividends of £241,000. Net revenue amounted to £3.89m against £3.88m after tax of £1.23m (£985,517).

Earnings per share are stated as 2.89p against an adjusted 2.06p and 2.72p excluding special dividends. Net asset value per share after deducting prior charges at par amounted to 75.9p (£75.4p).

Nagoorin values lift Greenvale

OIL and GAS NEWS

BY STEPHEN THOMPSON

ANOTHER EXCITING day in Australian energy stocks was highlighted by the spectacular performance of Greenvale Mining and Esperance Minerals following the results of analyses of samples taken from the first drill hole on the Nagoorin oil-shale prospect in northern Queensland.

Greenvale and Esperance are joint venturers in the prospect together with Central Pacific Minerals and Southern Pacific Minerals. CPM and SPP are co-venturers of the giant Rundle oil-shale deposits which are located around 80 kilometres from the Nagoorin prospect.

The first hole was drilled vertically and after passing through 20 metres of overburden intersected a continuous section of oil-shale and carbonaceous shale to a depth of 687 metres.

Analysis carried out on samples from two metre intervals taken between 20 and 314 metres showed that this section averages 79.7 litres per tonne shale oil, using a 40 litre per tonne cut off at zero per cent moisture.

A continuous four metre section was below cut off grade while in situ moisture averages 27 per cent. The remainder of the core is being split for assay and checking at an independent laboratory will be made as soon as practicable.

A second hole, about two kilometres west of the first is currently being drilled. The results of the analysis of the Greenvale/Esperance samples is the second piece of good news from the Nagoorin prospect this week. On Tuesday Mining Houses of Australia announced that it had encountered encouraging and significant intersections of oil-shale at Nagoorin.

The latest news prompted heavy buying of Greenvale and Esperance, on London and Australian markets yesterday. Greenvale surged 40p to 280p, a two-day gain of 80p while Esperance jumped 45p to 335p, up 85p over the past two days.

Prior to the initial discovery of oil shale at Nagoorin, announced on June 23, Greenvale were changing hands at around 60p and Esperance at 130p.

The Lockton East No. 1 well drilled in Yorkshire by a consortium with Taylor Woodrow as operator has been plugged and abandoned after reaching a depth of 6,228 feet. Six zones were tested.

1.77m cubic feet of gas a day, and water production increased to 956 barrels a day at the end of the test. No other zones of commercial interest were encountered.

The drilling rig is now being moved to Maiton where another well will be drilled. Two previous wells in Maiton both tested gas, the first drilled in 1967 by Home Oil and the second, in 1976 by Candecora Resources.

However, the consortium is sufficiently encouraged by the result of the Lockton East well to plan a further well in the Lockton area. The consortium comprises Taylor Woodrow, 14.25 per cent, Candecora Resources, 49 per cent, RTZ Oil and Gas, 14.25 per cent, Home North West Oil and Gas (UK), 13 per cent and James Finlay and Co., 9.5 per cent.

Group Gold Mining Companies Orange Free State

(All companies are incorporated in the Republic of South Africa)

Reports of the directors for the quarter ended 30th June, 1980

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each

Quarter ended June 1980

9 months ended June 1980

Quarter ended March 1980

9 months ended March 1980

Quarter ended December 1979

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PRESIDENT BRAND

President Brand Gold Mining Company Limited

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Quarter ended June 1972

9 months ended June 1972

FREE STATE SAAIPLAAS—Continued

Free State Saaipplaas Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 shares of 50 cents each

Quarter ended June 1980

9 months ended June 1980

Quarter ended March 1980

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Quarter ended June 1974

9 months ended June 1974

Quarter ended March 1974

9 months

Trafalgar House sells offshoot for £7m

Trafalgar House has sold Offshore Marine, which operates 24 supply vessels around the world, to the UK subsidiary of Texas-based Zapata Corporation for £7m cash, with the buyer also taking over borrowings of some £14m.

Zapata currently has 51 vessels, five in the North Sea, and the purchase will raise the total to 75. The sale is conditional on no reference being made to the Mootopolis Commission.

Trafalgar said the deal would leave its Cunard subsidiary free to concentrate chiefly on passenger ships, container services, oil product carriers, and other cargo vessels.

Zapata, which has bought Offshore Marine through Zapata Offshore Services in Britain, is also involved in offshore drilling, oil and gas operations, shipping, coal mining, commercial fishing and processing construction and dredging.

It was Zapata which made the approach to Trafalgar, which would not otherwise have made any moves to sell Offshore Marine. This happened around two months ago, according to Cunard.

Over the past two years, however, the UK group has been looking hard at the supply vessel business in view of the depressed level of rates.

Zapata has been operating in the UK since the mid-1960s and the purchase will represent a significant expansion of its North Sea business.

GROVEBELL/ BOND STREET

GROVEBELL says that apart from its 23.9 per cent holding

in Bond Street Fabrics the only other support for its moves to secure the appointment of additional directors to the Bond Street Board consists of proxy cards received since next week's extraordinary general meeting was requisitioned. The company says that it has no standing support from any other source.

Sotheby Parke directors sell shares

Nine directors of Sotheby Parke Bernet Group, the fine arts auctioneer, have sold portions of their beneficial holdings to the company.

The Earl of Westmorland has disposed of 20,000, leaving his holding at 150,000; Mr. G. O. Llewellyn 35,000 leaving 52,000; Mr. J. L. Marion 50,000 leaving 240,000; Mr. P. C. Wilson 250,000 leaving 400,000; Mr. P. M. H. Pollen 175,000 leaving 609,104; Mr. P. J. R. Spira 5,000 leaving 17,800; Mr. D. J. Nash 7,000 leaving 185,000; Mr. F. H. Scholtz 20,000 leaving 10,000 and Mr. R. J. de la M. Thompson 35,000 leaving 50,000.

Mr. Llewellyn has also disposed of a non-beneficial holding of 2,000 shares. The price in all cases was 440p.

KUWAITIS SELL 10% UNICORN HOLDING

The Kuwait Investment Office has sold its near 10 per cent stake in Unicorn Industries, the UK abrasives company for

which Fosco Minsep has made an agreed £38m bid.

It sold its 2.9m shares to the market in two tranches, the first on June 30 totalling 1.19m shares and the second on July 8. With Unicorn's shares recently hovering just below the 120p mark, the Kuwaitis would have received around £3.3m for their stake.

They took their 9.98 per cent stake in Unicorn about three years ago through Securities Management Trust. Formal documents on Fosco's bid are due out fairly soon.

B. Paradise in £179,000 deal

B. Paradise, manufacturer and distributor of clothing, has exchanged contracts for the acquisition of Enfield-based Templebest Ltd., maker of ladies simulated fur garments, as well as coats and suits.

Initial consideration is £179,000, of which £100,000 is payable in cash, the balance to be satisfied by the issue of 300,000 Paradise shares. A further £17,500 cash and 100,000 shares may become payable depending on Templebest's profits for the year to January 31, 1981.

R. and J. Pullman, who has a 65.1 per cent controlling stake in Paradise, has approved the deal.

In the year to July 31, 1979, Templebest made pre-tax profits of £72,047 on sales of £769,172. There was a taxable surplus of £23,084 in the six months to January 31, 1980.

Net tangible assets at that date were £134,383.

Dealings halted in Yule Catto and Revertex shares

TRADING IN shares of Yule Catto, the industrial and commercial group and Revertex, the chemicals company, was suspended yesterday pending an announcement by the two. Catto was halted at 110p and the latter at 50p.

Yule Catto, which acquired a 28.5 per cent stake in Revertex in April, followed this up with a full scale bid on June 25. Yule's offer values the shares it does not already own at 55m.

One of the major outstanding issues concerns agreements between Revertex and third party companies in joint ventures. Revertex and Hoechst, the German chemical company, each own 50 per cent of Harlow Chemicals. Under the agreement, Hoechst may acquire the Revertex stake if there is a change of control of Revertex.

It is understood that no

announcement on the status of the takeover bid will be made this morning.

TYCO'S MUIRHEAD STAKE: NO PROBE

The influence exerted by the U.S. group Tyco Laboratories, over Muirhead through its 23 per cent holding and the April appointment of two Tyco representatives to the Muirhead board does not provide the basis for a reference to the Monopolies and Mergers Commission, the Secretary of State for Trade, Mr. John Nott, announced yesterday. Tyco has been building a stake in the British electronic equipment manufacturer since last October but the two groups have always insisted that the interest is amicable and refused suggestions that Tyco would be prepared to bid.

British Sugar plans to join oil search group

British Sugar Corporation is planning to take a small stake in a consortium to apply for new licence blocks in the seventh round offshore oil search.

Mr. John Beckett, the BSC chairman, said yesterday that a consortium was in the process of being formed with Union Oil of the U.S. and BSC was aiming to participate in it in a small way. Union Oil said that a consortium was a possibility but there was nothing official.

Mr. Beckett said that BSC was a substantial user of oil in its business. As regards any further participation in North Sea exploration Mr. Beckett said "we will put our toe in the water and see how it goes."

SHARE STAKES

Invesek Group—Mr. Edward Nassar has increased his interest and those of his associates to 1,799m shares (18.51 per cent).

A.I. Industrial Products—Carnaro Investments has acquired 25,000 shares making its holding 501,500 (13.14 per cent).

R. Green Properties—David Kirch has acquired a further 30,000 shares, giving him a total of 575,000 (7.17 per cent).

Jessops Holdings—I.T.C. Pen-

CHARTERHOUSE HAS OVER 90% KEYSER ULLMANN

Acceptances of Charterhouse Group's offer for Keyser Ullmann Holdings have been received in respect of 46,630 ordinary shares (90.7 per cent) and 75,280 preference shares (75.3 per cent). The offers are being extended to July 30.

GLOBE INVESTMENT

As at July 11, an aggregate amount of 45,098 ordinary shares of Globe Investment Trust 19.29 per cent was held by the trustees of the National Coal Board Staff Superannuation Scheme, the Mineworkers' Pension Scheme, the Coal Industry Benevolent Trust and the Mining Contractors' Pension Scheme.

REMBIA SALE

REMBIA RUBBER has completed the sale of 135 acres of Rembia Estate land for 3,020p, roughly approx. £596,000.

Amal. Industrials sells off rest of Derritron stake

Amalgamated Industrials, controlled by the family interests of Norwegian financier Mr. Per Hegard, has disposed of its remaining shareholding in Derritron, the electronics manufacturer and distributor which a week ago announced losses of £117,000 for 1979.

The holding of 1m shares (about 8.35 per cent of the capital) was placed in the stock market on Tuesday. Two months ago Amalgamated sold a holding of 77 per cent in Derritron in a similar operation. The proceeds of this sale were said to be to reduce bank and other indebtedness.

Both placings were undertaken by Rowe Rudd and Company, stockbrokers, headed by Mr. Tony Rudd, Derritron chair. This latest package was placed with four institutions at

around 26p per share. Amalgamated announced last month that because of cash flow problems it would not be paying the interim dividend on the 10.6 per cent preference shares.

BROCKS GROUP

Following completion of the final account of Pern Electronics (Kennington), 410,044 ordinary 10p shares of Brocks Group of Companies, credited as fully paid and ranking pari passu in all respects with existing shares, are to be issued at 92p to the vendors in full and final settlement of the acquisition of Pern, announced on October 31, 1979. Application will be made to the Council of The Stock Exchange for the new ordinary share to be admitted to the Official List.

Harvard plans unofficial market

Harvard Securities, the licensed securities dealing firm, plans to set up its own unofficial market in new issues of small, high-technology companies in September, with its first flotation being an electronics concern in Berkshire.

Mr. Tom Wilmut, the managing director of Harvard whose own shareholding is due to rise from 40 to 45 per cent under a proposed restructuring of the ownership, said three other

candidates had for flotation also been lined up, of which one was outside the computer/electronics sector. Harvard will offer up to 40 per cent of these companies to the public, with resulting market capitalisations being £250,000 or more. The issues will be made every two months or so, Mr. Wilmut said. Harvard had been working on this for three years, starting with a list of 250 potential companies.

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in the Republic of Zambia)

QUARTERLY REPORT OPERATING AND FINANCIAL RESULTS

	Quarter ended	Year ended	Year ended
	31.3.80	31.3.80	31.3.79
PRODUCTION (Tonnes)			
Copper	89 283	359 816	368 332
Lead and zinc	8 047	46 548	60 015
Cobalt	348	1 258	1 055
SALES (Tonnes)			
Copper	94 341	363 815	365 551
Lead and zinc	12 995	55 608	56 139
Cobalt	205	1 009	1 378
Average proceeds per tonne—copper	K1 937	K1 690	K1 159
Sales revenue—all metals	206.3	701.7	488.9
Cost of sales	149.4	546.1	441.1
Interest payable less receivable	56.9	155.6	47.8
Shares of associated companies	(6.2)	(24.0)	(22.3)
Profit/(loss) before tax	49.4	131.2	26.0
Tax	(30.5)	(75.0)	(0.1)
Profit/(loss) after tax	18.9	56.2	25.9
Profit/(loss) brought forward	61.1	20.5	(6.8)
Appropriations at 31st March, 1980:			
Preferences shares		0.1	
General reserve		67.3	
Dividend on "A" and "B" shares		9.3	
	80.0	76.7	19.1

NOTE: On 14th July, 1980, K1=US\$1.29251 and K1=UK£0.54410
(On 20th February, 1980, K1=US\$1.27509 and K1=UK£0.55945).
Lusaka
16th July, 1980

BY KENNETH MARSTON, MINING EDITOR

Vaal Reefs features in high gold interims

WHILE THE price of gold received by the Anglo American mines in the Anglo American Corporation group during the past quarter has fallen to an average of around \$645 per ounce from some \$635 in the previous three months, a reminder of the industry's continuing high prosperity comes with the group's latest interim dividends.

Vaal Reefs has exceeded all expectations with a 1980 interim of 620 cents (341p), 190 cents a year ago and the subsequent final of 320 cents. Thus the latest interim comfortably exceeds the 1979 total dividend.

The company has benefited from a tax rebate in respect of Afrikaner Lease losses, but a more important factor in the latest quarter results has been the inclusion of an interim dividend declared by Southvaal Holdings.

Now on an interim and final dividend basis instead of paying only one dividend per year, Southvaal is declaring a 1980 interim of 170 cents. This follows last year's single payment of 140 cents and reflects a profit of R22.1m (£23.7m), earnings being derived from royalties on the South Lease operations of Vaal Reefs.

Western Deep's 1980 interim is also greater than the previous year's total. At 400 cents it matches best expectations and follows last year's interim of only 95 cents and the final of 225 cents. The veteran S.A. mines which these days treat only surface dumps, is declaring an

interim of 35 cents following two payments each of 20 cents for last year. No interim dividend is being declared by East Daggafontein.

The June quarterly reports issued by the Anglo group of mines continue the story of profits lower than in the record March quarter as a result of the reduced gold price. The trend to mining lower ore grades has resulted in a modest fall in overall gold production, but this has been cushioned by an increased amount of ore-milled in many cases.

Gold prices received by the mines in the past two quarters are compared in the following table.

GOLD PRICE RECEIVED 1A per kilo grammes—\$ per ounce

	June 30	March 31
ERGO	R12.82 (554p)	R16.575 (583p)
Esandari	R13.928 (583p)	R15.341 (554p)
F.S. Geduld	R13.685 (581p)	R14.338 (582p)
F.S. Sasipless	R13.705 (582p)	R14.568 (583p)
President Brand	R13.238 (574p)	R14.477 (582p)
President Steyn	R13.822 (582p)	R15.380 (582p)
S.A. Land	R13.677 (581p)	R17.022 (582p)
Vaal Reefs	R13.620 (581p)	R17.501 (587p)
Welkom	R13.758 (582p)	R16.568 (583p)
Western Deep	R13.705 (581p)	R17.625 (587p)
Western Hilda	R13.897 (581p)	R15.417 (583p)

However, the latest net profits are still well above those earned in the final quarter of last year. The best performance during the

past quarter has been made by President Steyn, which has increased gold production as a result of higher grade ore, a better ore grade which reflects the rich No. 4 shaft area. Despite the lower gold price President Steyn has managed to increase earnings in the past quarter.

Individual net profits are shown in the following table.

	June	March	Dec.
	qu.	qu.	qu.
	R000	R000	R000
East Daggafontein	22,980	26,471	16,532
Esandari	10,531	12,520	4,713
F.S. Geduld	47,238	48,444	33,000
F.S. Sasipless	5,737	7,944	5,658
Pres. Brand	43,402	46,983	32,728
Pres. Steyn	34,142	32,021	22,086
S.A. Land	1,288	1,251	823
Vaal Reefs	62,688	81,023	77,233
Welkom	10,688	12,102	7,682
W. Deep	51,519	70,784	58,356
W. Holdings	21,493	25,729	20,000

On the other side of the coin, Western Deep has suffered a fairly sharp fall in mill grade as a result of difficult mining conditions which have increased the amount of waste rock hoisted. The position is not expected to improve much before the end of the year and the forecast grade for 1980 has thus been reduced to 13.5 grammes gold per tonne from the previous 14.62 grammes.

Production at the East Daggafontein Gold and Uranium (ERGU) dumps retirement operation has been hampered by the de-gassing of water pipe lines, but it is now back to normal. East Daggafontein's income has been boosted from the receipt of royalty revenue from Grootevlei.

Wankie to expand coal output

ZIMBABWE'S LEADING mining operation, the Wankie Colliery, has been having talks with both Citibank of the U.S. and the World Bank subsidiary, International Finance Corporation, over the financing of an ambitious expansion plan.

The mine, which is part of South Africa's Anglo American Corporation group, said last year that the capital cost of the coal expansion programme would be greatly in excess of its own resources. Latest estimates put the cost at more than £70m.

The plan will increase coal production both for export and for use by the thermal power plant currently under construction at the mine site.

Zimbabwe has been buying some of its power supplies from the Kariba hydroelectric installation in Zambia, but supplies from this source are expected to decline as more of the power is used within Zambia. The Wankie

plant is intended to make up for this shortfall.

Nchanga to pay a dividend

THE ZAMBIAN copper and cobalt producing Nchanga Consolidated Copper Mines is returning to the dividend list for the first time since November, 1974, with a declaration of a payment of K3.3m (£513m) for the year to March 31. The company is 51 per cent owned by the Zambian Government and the remaining 49 per cent is held by Zambia Copper Investments.

Although Nchanga's copper output fell for the third year running to 359,816 tonnes from 365,332 tonnes, the company improved its financial position thanks to the "sharply higher" copper price. Cobalt sales during the year amounted to 1,009 tonnes.

Profits after tax for the year amounted to K56.2m against K25.9m in 1976-77. Nchanga hopes to continue its improvement but points out that normal tax payments will commence this year because the tax recoverable from previous years has been absorbed.

AGREEMENT ON COAL VENTURE

Mines of Resources, a wholly-owned subsidiary of France's Cogema group, has reached broad agreement on a joint venture with Australia's Bridge Oil to explore and develop the Alpha coal deposit in Queensland. The partners will each take a 50 per cent stake in the Galilee Basin deposit, which is estimated to contain some 500m tonnes of steaming coal. The joint venture agreement is expected to be signed before the end of this year.

The Afrikaner Lease Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT—1980

Financial Results

The following are the unaudited results of the company for the half-year ended June 30 1980 together with comparative figures for the eighteen months ended December 31, 1979.

	Half-year ended	18 months ended
	30.6.80	31.12.79
	R000	R000
Minimum royalty from Vaal Reefs Exploration and Mining Company Limited—accrued	25	21
Sundry revenue including rentals	5	10
Interest received	—	10
	30	37
Deduct:		
Administration and other expenses	85	201
Loss	55	164
Expenditure capitalised	—	122
Loss	55	72

Comparative figures for the half-year ended June 30 1979 are not shown as prior to April 27 1979 net expenditure was capitalised. There is no provision for taxation as the company incurred a loss in the period under review.

Dividends
No dividends were declared or paid during the half-year ended June 30 1980.

Royalties
In the report of Vaal Reefs Exploration and Mining Company Limited for the quarter ended June 30 1980, the royalty to Afrikaner Lease for the half-year ended June 30 1980 was estimated at R25,000. The first royalty payment is due to the company at the end of 1980 and members are reminded that the royalty is only determined when the year-end results from Vaal Reefs' operations in the Afrikaner Lease area are known.

Subsidiary Company
The company's wholly-owned subsidiary, Western Klerksdorp Investments Limited, has no assets or liabilities and consequently a group interim report has not been prepared.

All the mining rights formerly held by the subsidiary are in the course of being registered in the name of the company, after which an application will be made for the deregistration of Western Klerksdorp Investments in terms of Section 73 (5) of the Companies Act.

Reduction of Share Capital
The special resolution passed by members on April 24 1980 was registered on June 27 1980, following confirmation thereof by the Supreme Court of South Africa (Witwatersrand Local Division). Accordingly irrecoverable costs of certain technical and feasibility studies carried out by the company prior to April 27 1979 and amounting to R2 640 868.68 have been written off against the amount of the share premium accounts.

Operations at the Afrikaner Lease Area
Copies of the quarterly report of Vaal Reefs Exploration and Mining Company Limited, which gives details of the operations in that company's Afrikaner Lease area, are available on request from the offices of the company's transfer secretaries.

For and on behalf of the board
G. Langton
J. S. Hamill Directors

United Kingdom Transfer Secretaries:
Charter Consolidated Limited
P.O. Box 102, Charter House
Park Street, Ashford
Kent TN24 8EQ

Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office:
40 Holborn Viaduct
EC1P 1AJ

Johannesburg
July 18 1980

Southvaal Holdings Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT—1980

Financial Results

The following are the unaudited results of the company for the half-year ended June 30 1980 together with comparative figures for the half-year ended June 30 1979 and the year ended December 31 1978.

	Half-year ended	Half-year ended	Year ended
	30.6.80	30.6.79	31.12.79
	R000	R000	R000
Royalty received from Vaal Reefs Exploration and Mining Company Limited	89 880	—	66 976
Interest received	601	528	1 029
	90 481	528	68 005
Deduct:			
Administration and other expenses	399	182	292
Profit before taxation	90 082	346	67 713
Deduct:			
Taxation	37 937	156	23 434
Profit after taxation	52 145	190	38 279
Transfer to general reserve	—	—	2 540
	52 145	190	38 279
Dividend	44 200	—	36 400
Retained profit	7 945	190	379
Earnings per share—cents	200.6	0.8	161.1
Dividend per share—cents	170	—	140

Companies and Markets

INTL. COMPANIES & FINANCE

This announcement appears as a matter of record only.



Aktieselskabet Sydvaranger

U.S. \$30,000,000

Eight Year Floating Rate Multicurrency Loan

Hambros Bank Limited

Christiania Bank og Kreditkasse

Banque Norddeutsche S.A.

Berliner Handels- und Frankfurter Bank

Chemical Bank

Dresdner Bank Aktiengesellschaft

Landesbank Rheinland-Pfalz und Saar

(London Branch)

International S.A.

Norddeutsche Landesbank International S.A.

Sofis Limited

Agent Bank

Hambros Bank Limited

July, 1980

Kockums may have to give up shipbuilding

By William Hall, Shipping Correspondent

KOCKUMS, which only a few years ago ranked amongst the top ten shipbuilders in the world, may have to give up building ships by the mid-1980s because it can no longer compete.

The famous Swedish shipyard, which made its name building super tankers in the mid-1970s has been hard hit by the world shipbuilding recession. The yard, which boasts the largest crane in the world, has the capacity to build up to 1.8m dwt of tankers per year.

Last year it completed one ship of 10,000 dwt and its sales have dropped from SKr 106bn in 1974 to SKr 273m (\$66.3m).

In common with Sweden's other nationalised shipyards Kockums has been given until 1985 to become commercially viable. If this cannot be achieved, the Swedish Government has said that Kockums will be shut down.

Mr. Klas Helsing, Kockums' marketing manager, said in London yesterday that the shipyard was losing between 25 per cent and 30 per cent of the selling price of each ship it builds.

After studying the market for ships in depth, Mr. Helsing said that "to the best of our knowledge there is not going to be an increase in demand for ships before 1985."

WEST GERMAN MOTOR INDUSTRY

BMW postpones plant construction

BY KEVIN DONE IN FRANKFURT

THE RAPID decline of major world motor car markets has caused Bayerische Motoren Werke (BMW) to postpone for up to two years its plans for building a fifth plant.

BMW, the West German producer of high performance cars, has been searching for several months for a site for the proposed works both in the Federal Republic and abroad. A shortlist had been drawn up of sites in West Germany, the U.S. and Austria, but Regensburg, a town in southern Germany, has emerged as the favoured location.

BMW had expected to make a decision around the turn of the year to press ahead with building the plant, but the company said yesterday that a final decision was now unlikely before 1982-83.

Test drillings are being carried out at the Regensburg site, but the sharp fall in car demand in the Federal Republic in the first six months of 1980 and the gloomy outlook for the industry has taken much of

the urgency out of BMW's need for a new plant.

At present it has four plants in West Germany — in Munich, Dingolfing, Landsbut and Berlin. The postponement of the company's plans will give BMW more time to consider whether an eventual fifth plant should be for car assembly or components manufacture.

The latest production figures for the German automobile industry show there has been no halt to the slide in output. The latest registration figures to be published next week are expected to underline that the slump in car demand is now biting all manufacturers.

Car production in June was 8 per cent below the level of June 1979 at 314,500 vehicles. In the first six months of 1980, car output has fallen by 9 per cent to 1,974,700.

The fall in new registrations has been even steeper, but in the first six months of 1980 at least, German manufacturers have continued to enjoy relative success in export markets,

which has helped to allow the fall in output.

BMW, for example, has seen its new registrations in West Germany slump by 11 per cent in the first five months of 1980. Thanks, however, to a backlog of orders and strong export demand for the first six months, production in the first half of 1980 has been increased by 3 per cent.

Because of capacity limits, it has had to work some extra shifts in the first six months to increase production. But it is unlikely that special shifts will be needed in the second half of the year.

Opel, the German subsidiary of General Motors of the U.S., which has been particularly hard hit by the fall in demand for cars of two-three litre capacity in Germany, has announced that it is to implement a more extensive redundancy programme than first planned.

Nearly 6,000 workers are likely to leave Opel over the next nine months, about 2,000 more than originally reported.

The company has been surprised by the large response to its voluntary redundancy programme.

About 8,400 employees — of which 86 per cent are foreign workers, chiefly Turks and Italians — have volunteered for redundancy from its Regensburg works near Frankfurt in addition almost all of its 2,500 eligible workers between the ages of 50 and 65 have opted for early retirement. The total cost of the programme will be around DM 96m (\$53m) and the total workforce in Germany is likely to fall from 87,000 to about 61,000.

The split development of the German motor industry this year has continued in June according to the latest figures from the German Federation of Motor Manufacturers (VDA).

In contrast to the declining car output, production of commercial vehicles rose by 8 per cent in the first six months of 1980.

June output was as much as 12 per cent up on the same month in 1979 to 25,933.

Customers aid Franco-Belge

BY TERRY DODSWORTH IN PARIS

FRANCO-BELGE, the French railway rolling stock manufacturer which went into receivership earlier this month, has negotiated advances from some of its main customers sufficient to hold it together until the beginning of September.

The finance will be used to pay the workforce through the holiday period, during which time the receiver is expected to be able to put together a rescue plan for the bulk of the assets.

Two public service companies, the Paris regional transport authority and the nationalised railways, have come up with the money to keep the business ticking over. These are the two organisations which have provided the bulk of the orders to

Franco-Belge in its rapid expansion in recent years.

Some critics also accuse them of hastening its downfall by signing contracts which were clearly too low-priced to allow the company a sufficient profit margin.

It is thought that there may have been some government pressure on the nationalised groups to advance money against their orders to Franco-Belge because of the explosive labour problems which could emerge if the group's workshops were closed entirely.

Franco-Belge, owned by the Hericq engineering group, employs about 2,400 workers, and is based in the Valenciennes region where unemployment levels are high following the run

down of the steel industry.

The company's employees have already staged several big demonstrations, stopping traffic on northern motorways and holding meetings outside the labour and industry ministries in Paris.

A solution to Franco-Belge's problems is likely to involve the splitting up of its activities between other French groups in this sector, which have also been severely hit by a slump in domestic and export orders.

According to informed sources, the goods wagon manufacturing interests could be taken over by two companies, Arbel and Ateliers du Nord de la France, with the passenger carriage business going to Alstom de Dieulouard and TCO.

IBH lifts stake in Pettibone

BY OUR FRANKFURT CORRESPONDENT

IBH HOLDING, the largest West European building machinery group, has increased its stake in the U.S. Pettibone Corporation of Chicago, from 5.5 per cent to 13 per cent for which it has paid \$8.9m. Herr Horst-Dieter Esch, chief executive of IBH Holding, said yesterday that IBH intended to increase its stake to 25.01 per cent over the next three-six months.

Pettibone, which last year had sales of \$354m and pre-tax profits of \$22m, manufactures equipment chiefly for the building industry including rough-terrain fork lift trucks, crushing plants, truck cranes and vibratory rollers. It also operates the U.S.'s largest manganese steel foundry and is a leading maker of railway track.

IBH Holding has grown rapidly in Europe over the last

five years through a series of acquisitions and it has now set its sights on building a larger stake in the U.S. market.

One of the most important reasons for taking the stake in Pettibone lies in the U.S. company's chain of 40 depots around the U.S., which could eventually be used for promoting IBH products.

The group's expansion through acquisition in Europe had now been completed.

In the first six months of 1980, the group had total sales of DM 620m (\$365m). Taking the group as presently constituted this represents a growth of 21 per cent. Sales in the first half of 1979 totalled only DM 180m, but since then IBH has taken only three important companies, Hanomag, Hannover, the UK company rapidly in Europe over the last

For the full year IBH is expecting a turnover of DM 1.3bn and pre-tax profits of around DM 20m.

The main part of the group's turnover still comes from the German companies, which had a turnover in the first six months of DM 437m, an increase of 13 per cent. These companies are Hanomag, Zeitzmeyer, Wibat, Maschinenfabrik Hann, Duomat and Lanz-Aulendorf. Hymac had sales of DM 85m in the first half of 1980, while IBH's French interests produced sales in the first half of 1980 of DM 100m.

The French companies belonging to IBH include Maco-Meudon, Deruppe and Pingon.

In addition IBH Holding has 50 per cent or minority stakes in other companies in Canada, France and Italy.

Weak margins hold back Ciba-Geigy

By Our Financial Staff

WEAK PROFIT margins continue to act as a brake on Ciba-Geigy, Switzerland's leading chemicals group, which yesterday said that its earnings for the first half of 1980 were not satisfactory.

Sales to the six months were 19 per cent ahead but the volume growth achieved was not accompanied by the desired and essential degree of improvement in group profit, the company explained.

Ciba is a major producer of special chemicals. In 1979, when net profits dipped SwFr 327m (\$148m) from SwFr 360m, pre-tax profits dipped to SwFr 327m per cent to 3.3 per cent, falling to their lowest level for four years.

Turnover for the first half of this year was SwFr 6.3bn compared with SwFr 5.3bn.

Thomson-Brandt offer for Saba approved

WEST BERLIN — The

Federal Cartel Office has approved the planned takeover by Thomson-Brandt of France of Saba, the West German electrical company.

The Cartel Office said competition in the German colour television market would not be decisively restricted by the merger since a sharp increase in Japanese exports are expected.

Thomson-Brandt will control more than 15 per cent of the German colour television mar-

ket following the takeover.

This share plus those of Grundig and Philips will account for more than 50 per cent of the market, which under the oligopoly clause of the new cartel law should have led to a veto of the proposed takeover of Saba.

However, the Cartel Office accepted that an exception should be made as the expected Japanese competition should prevent market domination.

Reuters

Orders for German metal decline

INCOMING ORDERS in the

West German iron, steel and metal processing industries fell by 6.7 per cent in real terms in May, with domestic orders dropping by a real 8.1 per cent and foreign orders falling 1.7 per cent, the indus-

tries' association said. Reuters

reports from Düsseldorf. It said it expects a weaker rate of growth in the next few months after the industries' production rose about 10 per cent in the first five months of 1980 from a year earlier.

SIR rescue cuts IMI earnings

By Our Financial Staff

HAMPERED by its involvement in the rescue of SIR, the stricken petrochemicals group, IMI, the Italian state-owned credit organisation, has turned in a further weak earnings performance.

For the year ended March 31, net profit dipped by 34 per cent to L1,239m (\$154m) following provisions of L1,568m against SIR losses whose debts are said to total L2,900m (\$360m).

A year ago a consortium of state-owned and private banks, under heavy pressure from the Italian Government, set out to rescue SIR through the conversion of SIR debt into equity.

At a press conference in Rome, Mr. Ettore Schiesari, IMI chairman, explained that his company's net earnings last year would have amounted to L1,568m had IMI not decided to anticipate losses arising from its exposure to SIR.

IMI has underwritten something like half of the petrochemical group's mountain of borrowings. Banca Popolare is another prominent member of the rescue consortium.

It partially covers losses expected for this year through exposure to SIR. IMI has set aside L1,439m in its 1979-80 balance sheet. SIR's losses this year could total L1,900m, the Press was told.

However, the IMI management stressed that group income this year would "more than cover" the remaining L2,470m of operating losses deriving from the petrochemical group.

London branch for Hypo-Bank

By Michael Lafferty

BAYERISCHE Hypotheken- und Wechsel-Bank (Hypo-Bank), one of West Germany's largest private banks, has opened a branch office in London. Herr Klaus Hartlieb, managing director in charge of international operations at the bank, said yesterday that the branch would bring strong development to Hypo's international business, and of business with England in particular.

The scope of credit and foreign exchange which are already strong should get even stronger. But in the future we will broaden our contacts with English and multinational firms, and will become more active in the London market.

The London branch will participate in the medium-term Eurocredit market, and in loan transactions generated in London. Special emphasis will be placed on trade financing. "We will establish an active money market trading operation and it is envisaged that a security trading desk will be developed in order to participate in the Deutsche Mark and dollar fixed rate securities secondary markets."

This announcement appears as a matter of record only.



640,000 Shares

Northwest Natural Gas Company

Convertible Preference Stock, \$2.375 Series

Each share is convertible into 1.65 shares of Common Stock of Northwest Natural Gas Company (equivalent to \$15.15 per share), subject to adjustment under certain conditions.

Lehman Brothers Kuhn Loeb

Incorporated

Bache Halsey Stuart Shields

Incorporated

The First Boston Corporation

Bear, Stearns & Co.

Blyth Eastman Paine Webber

Incorporated

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

Securities Corporation

Drexel Burnham Lambert

Incorporated

Goldman, Sachs & Co.

Kidder, Peabody & Co.

Incorporated

Lazard Frères & Co.

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

L.F. Rothschild, Unterberg, Towbin

Salomon Brothers Smith Barney Harris Upham & Co.

Incorporated

Warburg Paribas Becker

A.G. Becker

Wertheim & Co., Inc.

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July 11, 1980

All of these securities having been sold, this announcement appears as a matter of record only.

July 15, 1980

U.S. \$100,000,000

Pembroke Capital Company Inc.

9% Notes due July 15, 1987

Issued to assist in financing a catalytic cracking unit for refinery facilities in Wales, secured by Completion and Throughput Agreements severally guaranteed by

Texaco Inc. and Gulf Oil Corporation

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Morgan Guaranty Ltd

Société Générale de Banque S.A.

Union Bank of Switzerland (Securities)

Limited

S. G. Warburg & Co. Ltd.

SOUTH AFRICAN UNIT TRUSTS

Way clear for inflow of foreign investment

BY JIM JONES IN JOHANNESBURG

SINCE BREAKING through to record levels last September, of 258.9, the South African unit trust index has moved steadily ahead, more or less in line with the Johannesburg stock market. The unit trusts' association reports that at June 30 the index stood at 344.66—to show a 13.4 per cent rise on the quarter.

But the unit trust performance has yet to reflect fully the fact that investors have been flocking back to equities in the wake of the gold boom, and the significantly higher earnings and dividends that South African companies have reported.

Net outflows continue to be a worrying factor as far as unit trust managers are concerned, though some relief may be in sight. The South African Reserve Bank has now agreed in

principle to allow investment in unit trusts through financial funds (the South African investment currency held abroad) and blocked funds (emigrants' funds raised in South Africa). And while unit trust managers remain cautious on the agreement's likely effect on unit sales, they feel that foreign investors will be attracted to South African units on the basis of the movement's performance relative to that of those in other countries. As it was, during the June quarter repurchases of units fell to R20.7m (\$27m) from the March quarter's R30.5m. But that level, say the movement's managers, is acceptable when compared with average redemptions internationally.

On a world-wide basis the unit trust movement generally experience average annual gross redemptions of about 12.5

per cent of funds being managed. At end-June the South African movement had funds under management of R857.8m, compared with R584.8m at end-March. On June quarter redemption figures, therefore, the South African movement is generally in line with other overseas. On the other hand, sales of units rose only marginally to R18.7m in the June quarter from R18.1m in the March quarter, for an effective net outflow of R5m, against R15.4m.

The dilemma facing the movement is that, in the current state of the Johannesburg stock market, investors can find higher rewards by concentrating on while the unit trust index rose 13.4 per cent in the March quarter, compared with a 10.3 per cent advance in the JSE's industrial index, its

performance was well below the 21.4 per cent increase of the JSE's all market index.

The latter index comprises a far larger proportion of gold investments than the unit trusts. At end-June gold shares comprised only 5.2 per cent of the market value of total funds managed by the movement.

That, it is conceded by unit trust managers, could dampen purchases by holders of financial funds. In general, they argue, most foreign investors see South African investments primarily in terms of gold and diamonds. London, particularly, has been a net seller of South African investments for several years, and a major reversal of this is thought to be unlikely.

Even so, based on June quarter figures, it would take only a small shift in investment funds to reverse the net-outflow from the movement.

مكتبة الأمل

INTL. COMPANIES & FINANCE

Marginal decline in group profit at Bank of Tokyo

BY OUR FINANCIAL STAFF

THE BANK of Tokyo, the Japanese bank specialising in foreign exchange recorded a marginal fall in net profits on a consolidated basis in the year to March 31, in ¥22.14bn (\$101.6m) from ¥22.29bn in 1978-79.

The parent's profits for the year fell by 9.5 per cent to ¥15.98bn, from ¥17.63bn, against the background of the weakness of the domestic bond market and the obligation on Japanese banks to hold Japanese Government bonds.

After falling by 4.2 per cent to ¥8.74bn in the first half of last year, from the level in the immediately preceding six months, the parent company

profits dropped a further 17.4 per cent in the second half, to ¥7.24bn.

MITSUBISHI OIL Company, the Japanese oil refiner, has announced a rise in consolidated net profit for the year to March 31, to ¥6.76bn (\$31m), from ¥2.09bn in the previous year.

Nippon Mining Company, the petroleum and non-ferrous metals concern, increased its consolidated net income for the same year five times, to ¥7.86bn (\$36m), from ¥1.57bn, and lifted its sales by 71.8 per cent to ¥927bn (\$4.3bn).

Japanese oil companies have reported a record combined net profit of ¥133bn (\$609m) for

the year to March, the Japan Petroleum Association said. The net total reported by the Association's 36 oil refiners and wholesalers surpassed the previous record of ¥124bn set in 1977-78. The 1979-80 figure was up sharply from the ¥54.7bn of the previous year.

The earnings performance was attributed mainly to a series of boosts to the prices of oil products in the domestic market. Prices went up on eight occasions during 1979-80 as the Government loosened its reins on the industry and permitted oil companies to pass sharp crude oil price increases on to the prices of their products.

Bank of Queensland bid dropped

BY JAMES FORTH IN SYDNEY

PLANS for a virtual takeover of Australia's smallest private bank, the Bank of Queensland, have been dropped. The merchant bank, Hill Samuel Australia had been working for several months on a proposal for a group of prominent Queensland-based companies each to purchase a holding of just under 10 per cent of the bank's capital.

Hill Samuel, which had already built up a small holding, of 1 per cent to 2 per cent of

the capital, was to be a member of the syndicate. If sufficient companies each bought a stake, collectively they could exercise control, and use the company as a base for a substantial expansion of banking operations.

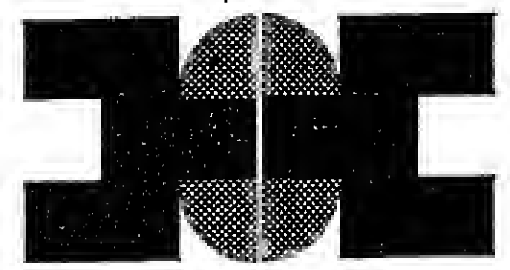
The Bank of Queensland has an issued capital of only A\$4.125m (US\$4.8m), but it possesses a banking licence, which is difficult to come by, and is listed on the stock exchange. There has not been a domestic private bank established in Australia since the

turn of the century. News of the Bank of Queensland proposal leaked out in March, before the syndicate was ready and before the board of the bank had been approached.

Hill Samuel said yesterday that, following exploratory talks with the Bank of Queensland board, the group concluded that it was unlikely that agreement could be reached on a basis which would enable the proposals to proceed. The merchant bank felt it was necessary to inform the market because of previous speculation

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MUI expands interests
in banking and sugar

BY WONG SULONG IN KUALA LUMPUR

MALAYAN United Industries (MUI), the actively traded investment group headed by Datuk Khoo Kay Peng, the prominent businessman, has announced a share exchange deal which will give it a substantial stake in a bank, as well as increase its control over Central Sugar.

Under the deal, MUI will acquire 2.15m shares of 1 ringgit each in Southern Banking in exchange for 905,000 new MUI shares of 1 ringgit each. The deal values Southern Banking shares at 4.2 ringgit each and MUI at 10 ringgit each. MUI will then hold 21.5 per cent of Southern Banking, which is a Chinese-owned, unquoted bank.

The seller is Huaren Holdings Berhad, a company believed to be controlled by leaders of the Malaysian Chinese Association (MCA), a partner in the Malaysian Government.

In another deal, MUI, which is already holding 56.6 per cent of Central Sugars, will increase

its stake to 77.4 per cent by acquiring 5m shares by an issue of 3m new MUI shares.

The seller of Central Sugars shares is Multi-Purpose Holdings Berhad, a group controlled by MCA leaders. The deal values Central Sugars shares at 6 ringgit per share, while MUI shares are valued at 10 ringgit each. The two deals are valued, on paper, at about 40m ringgit (\$18.7m). MUI said the acquisitions were for long-term investment.

Southern Banking has a paid up capital of 10m ringgit, and made a pre-tax profit of 2.5m ringgit for the year ended December. MUI shares stood at 11.1 ringgit and Central Sugars at 7.4 ringgit before they were suspended.

Everite lifts
first-half
earnings

By Jim Jones in Johannesburg

EVERITE, THE South African manufacturer of asbestos and plastic products for the construction industries, has announced an 81 per cent increase in operating profit, to R17.3m (\$22.8m) for the year to June 30 from R9.55m for the same period of 1979. Turnover was 26.8 per cent ahead at R102m compared with R80.4m.

Although the company expects a further advance in turnover and earnings during fiscal 1981, some constraints are beginning to show. Mr. J. K. Kennedy, the financial director, says that although demand for building materials has soared, brick and labour shortages could lead to a levelling of demand for building products in coming months. At the same time, Everite's asbestos cement products have experienced increasing competition from cement and steel alternatives.

The company plans to spend about R7m on expanding its asbestos cement factory at Klip River in the Transvaal, but further expansion plans are being held in abeyance as the company still has unused capacity in certain areas, particularly the Western Cape.

Dividends totalling 25 cents, against 16.5 cents, have been declared from record earnings per share of 61.1 cents compared with 31.9 cents. Everite is 45 per cent owned by the Switzerland-based Eternit Group.

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Series E Maturity date
19 January 1981



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period from 18 July, 1980 to 19 January, 1981
the Certificates will carry an Interest Rate of
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Agent Bank
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U.S. \$150,000,000

Kingdom of Sweden



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18th July, 1980 to 20th October, 1980 the Bonds will carry an
Interest Rate of 9 1/8% per annum. The relevant Interest
Payment Date will be 20th October, 1980. The Coupon
Amount per U.S. \$5,000 will be U.S. \$124.84.

On 14th July, 1980 the Ten Year Weekly Treasury Rate was
10.18 per cent. per annum.

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4th July, 1980.

THE PROPERTY MARKET BY MICHAEL CASSELL

Costain courts County

COSTAIN is the unnamed party with an interest in acquiring County and District Properties, the family-controlled property and investment group which said on Wednesday that it was having talks which could lead to an offer for its entire share capital.

The first obvious candidate appeared to be Sir Robert McAlpine (CTI), a principal subsidiary of Newarthill, the McAlpine holding company, and which already holds a 22.5 per cent stake in the group.

CTI handles McAlpine's property and investment operations—earlier this year it bought a near-6 per cent stake in William Press—and purchased its County and District stake in November, 1977, from Bishopsgate Property and General Investments, which was then trying to stay alive on a day-to-day basis.

County and District would have its attractions for McAlpine but there are no indications that it might now be tempted to try to do a deal on the back of its existing stake. Yesterday Newarthill was simply saying it was not having talks but would like to know who was. Whether Costain will remain interested if McAlpine wishes to keep its present holding or make its own overtures is uncertain.

Costain, like most other civil engineers, has been trying to reduce its dependence on contracting activities. The strategy is to build up a currently minimal property operation to the

point where it accounts for around one-quarter of total assets, a target also being applied to the group's energy-related activities.

Costain does not seem to be totally decided upon the best course of action as far as property expansion goes. While it has boosted its energy operations via acquisition, it appears that property growth could come from purchases or internal expansion—or a combination of both.

So far, the question of the price for County and District has not been raised, but Costain was clearly taken aback by the share price reaction on news of talks. On Wednesday, it rose 55p to close at 210p against a net asset value per share at the end of the last financial year of 145p.

The company, which went public in 1972 and in which the Melville family has a 41.6 per cent stake, offers a useful investment portfolio as well as an active development programme.

Mr. Leslie Melville, chairman and managing director of County and District, started the company in 1960 with his brother, Emanuel, who is still with him on the board. The operation came through the crash having avoided the type of speculative schemes which proved the downfall of others and by the end of its last financial year the book value of its properties, supported by an up to date open market

valuation, stood at £25.6m. Pre-tax profits for the previous 12 months had risen to £714,000 against £581,000 before. In the half year to September, 1979, pre-tax profits reached £309,000 and a further improvement was expected.

At present, the group has several major schemes under way or about to start and is enlisting the help of outside funding partners in the process. Earlier this year it announced plans for a 10m office complex located at Spitalfields Market in London and yesterday Mr. Melville confirmed that planning permission for the first 80,000 sq ft phase has been won. Consent for the other 20,000 sq ft appears imminent.

Elsewhere, the group has an office scheme well underway at Hounslow where 70,000 sq ft is going up and it is also starting main works soon on a 150,000 sq ft office development at Harrow.

County and District also holds several other sites which it intends to develop along partnership lines and it has acquired the Old Kensington Town Hall for a major shop and office scheme. Some of the plans are longer-term but the group would offer Costain a sound chance to expand a property investment, dealing and development business.

Mr. Melville goes only as far as to say that, come what may, he expects to remain with the company which he started from scratch.

Fee-scale moves provoke opposition

ANY GOVERNMENT moves to allow quantity surveyors and architects to compete freely on prices for their services will be strongly resisted by the Royal Institution of Chartered Surveyors and the Royal Institute of British Architects.

They are concerned that the Government intends to dismantle the present system of negotiating contracts within an agreed framework of fees, established by the two administering bodies and designed to prevent "cut price, cut-throat" competition between quantity surveyors and architects.

The operation of fee-scales has been under threat since November 1977 when separate Monopolies Commission reports on both professions recommended a series of changes to allow greater freedom in negotiating fees.

These proposals have now been resurrected by Mrs. Sally Oppenheim, Minister for Consumer Affairs who, in the last three months, has met leaders of both professions to discuss the best way of implementing the Monopolies Commission recommendations.

However, opposition to the proposals is by no means total. The Institute of Quantity Surveyors has endorsed the Monopolies Commission recommendation which would mean that its members would no longer be restricted by the

recommended scale of fees laid down by its more powerful sister organisation the Royal Institution of Chartered Surveyors.

For its part the RICS has accepted that fee-scales should be established by an independent body, although it says that recommended rates are already subject to government agreement. It also stresses that quantity surveyors are only required to conform to fee scales where two or more individuals or partnerships are in competition for work.

"This ensures that competition is based on service offered not on price. The system protects both the client from cut price quality work and also the profession," says the RICS.

The Institution has also said that it has no objection to free price competition in areas—particularly in engineering work—not covered by any of its 13 fee scales.

The RIBA operates a less elaborate framework of fee scales based on the capital value of individual projects. It has said that it is prepared to accept free price competition in the final stages of bidding for work but that clients should initially draw up a short list of applicants on the basis of service offered rather than upon which firm will do work at lowest cost.

Andrew Taylor

BR Property studies role

EVENTS THIS week may have brought closer the time when British Rail Property Board, which administers all BR's property affairs, can escape the public sector straight jacket which has restricted its ambitions.

Today, Sir Peter Parker, chairman of BR, will open a £12m shopping centre in Walsall, West Midlands, built on land in the care of the Property Board but developed by Viking Property and funded by the Prudential.

For the Board, a ground lease taken out by the Pru will add to an already handsome flow of rental income from railway operational and non-operational property, but there is little doubt that, given the chance, it would have liked to play a much greater part in this and many other schemes.

The event which could in time assist such ambitions was the announcement from Mr. Norman Fowler, Transport Minister, that the Property Board—together with BR's shipping and hotel interests—was to be included in the Government's "privatisation" strategy aimed at reducing public sector borrowing.

The type of full-scale denationalisation sought by some is not apparently on the cards but Mr. Fowler and his colleagues are considering measures which will be sufficient to alter the basis on which the Property Board and the other bits and pieces of BR operate.

In the list of Mr. Fowler's priorities, the Property Board is not at the top—recognition that, unlike the other BR offshoots, the property division represents an integral part of the railway's managerial organisation which cannot simply be hived off.

But changes there will be and while there is the prospect of some of the Board's £180m non-operational property assets (now producing a third of property income) being sold off, there are also hopes within the Board that its development role could be enhanced rather than stifled by the new strategy.

At present, the Board remains a frustrated developer but a successful landlord. Last year reaping in gross rental income of over £42m and selling off £13.7m of surplus land. Unable to incur "substantial" expenditure on acquisition or development for non-operational purposes without consent from the Minister and also governed by the external borrowing limits of BR, its opportunities have been scarce.

To overcome the obstacle, however, the Property Board has pursued an active programme of co-operation with private sector companies and funds on lines which have proved successful and which could point the way for future progress.

It has, at the same time, managed to see through some schemes of its own, though limited resources have kept them to a minimum. The Board

has developed an industrial estate in Birmingham and Bridgewater and others are under way at Porthead and Glasgow. Its biggest recent "in-house" development was the new Blackfriars office scheme in the City, carried out in conjunction with Kings City, Cambridge and resulting in a new railway station at no cost to BR.

In 1979, over 1.3m sq ft of commercial development space was completed on land in the Board's control and at the start of this year around 4m sq ft of space was being built in partnership with private funders.

With Property Board input largely confined to land supply as opposed to capital contributions, it is hoping the Government will accept that there will be few grounds for objection to a continuation of its development (as opposed to management) function and that it can play a very positive role in putting together schemes which maximise BR assets.

One possibility being suggested by the Board itself is that private finance could be brought in via the formation of individual development companies to carry out, specific schemes.

It is not yet clear whether this type of "privatisation" involving private capital on a development basis only is what the Government has in mind or whether, at the end of the day, it sees the Board's ambitions in the development world as misplaced.

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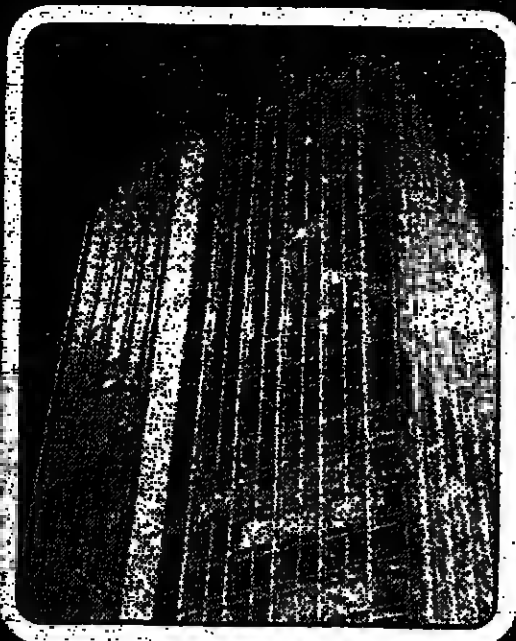
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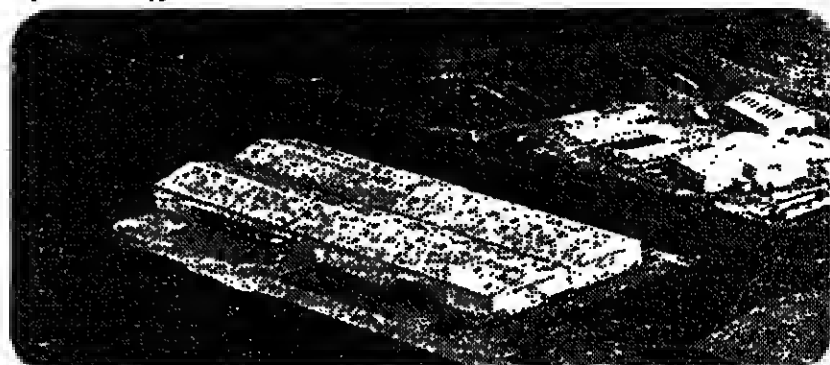
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Modern Factory & Offices
22,000-52,000 sq ft
Freehold For Sale or To Let

King & Co
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WILLESDEN GARAGE/FILLING STATION SITE

Suitable for redevelopment
(Subject to consent)

Prominent Site - 90 ft Frontage
Substantial Petrol Sales - 400,000 Galls p.a.
Single Storey Workshop - 4,000 sq ft
FREEHOLD FOR SALE

Further details from:

**EDWARD SYMMONS
& PARTNERS** Tel 01-834 8454
56/62 Wilton Road, London SW1V 1DH

WINCHESTER - HAMPSHIRE

Freehold Office Development Site

Suitable for 17,500-20,000 sq. ft.

All enquiries:

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WINCHESTER

Tel: 0962 62121

LEASE FOR SALE

In prime letting part of Kensington.
Beddits Property with 14 bedrooms
and 2 self-contained flats. Five-
year lease for sale. Five-
year lease for sale.
For details phone:
01-373 0385

MAYFAIR

Excellent suite comprising:
5 offices, telephones, lift,
carpeted and decorated.
Ref. SPS
Tel: 01-486 5256

RETAIL STORE FOR SALE

Leasehold premises -

8,000 sq ft approximately

PRIME SHOPPING AREA

WELSH COASTAL TOWN

Turnover approx £250,000 p.a.
mainly ladies', children's wear.
Partners only please write to:
Box 7238, Financial Times,
10 Cannon Street, EC4P 4BY.

Twickenham

Warehouse To Let
16,400 sq. ft.

■ Excellent access M3, M4,
Central London
■ 21 ft. eaves height
■ Heating and lighting

Chartered Surveyors
16 Suffolk Street
London SW1V 4HQ
01-930 9731

**DRIVERS
JONAS**

ARUN DISTRICT COUNCIL BOGNOR REGIS

Site for development of small factories 2.4 acres at Bognor
Regis, West Sussex.
Tenders are invited for a new 125-year lease at a peppercorn
rent - to be submitted by 3rd October, 1980.

Further particulars and tender forms available on application to:
The Planning Officer
4/5 Maltravers Road
Littlehampton
West Sussex BN17 5NA

Bairstow Eves

BASILDON, ESSEX

EXCELLENT SINGLE-STOREY FACTORY AND OFFICES

43,500 Sq. Ft.

FREEHOLD FOR SALE

Apply

Provincial House
218/226 Bishopsgate
London EC2M 4QD
01-377 0137

Prosperity House
75 High Street
Brentwood, Essex
0277 226222

TODMORDEN, W. YORKS

Freehold Modern Single Storey

FACTORY

45,500 sq. ft.

with Two Storey Office Block
on site of 5.5 acres - consent for further 33,000 sq. ft.
**EDWARD SYMMONS
& PARTNERS** Tel 01-834 8454
56/62 Wilton Road, London SW1V 1DH

Gilts maintain strong tone but equities unsettled by Courtaulds' statement and absence of MLR cut

503.5. Noon 506.6. 1 pm 500.2.
 000.0. 3 pm 489.0.
 Index 01-268 8025.
 N2 = 6.37.
 10/16, 6.52. Int. 1928. Industrial.
 SE Activity July-Dec. 1942.

S.E. ACTIVITY

Temperature		July 17	July 18
High	Low		
72.7	49.18	142.8	147.6
-Daily 6-11 Edged -10-11 -11-12		148.5	148.5

1/186	(51/76)	Speculative	33.3
50.4	50.53	Totals.....	99.7

5-day Aves.	49.4	5-day Aves.	129.6	1	1
(24/6/40)		(24/6/40)			
Industrials	43.6	Industrials	136.6	1	1
(24/6/40)		(24/6/40)			
Automotive	43.6	Automotive	136.6	1	1
(24/6/40)		(24/6/40)			
			82.2		

CORPORATION LOANS (12)					
COM' WEALTH & AFRICAN LOAN					
FOREIGN BONDS (2)					
AMERICAN					
BANKS (7)					
BUILDINGS (3)					
CHEMICALS (1)					
DRAPERY & STORES (1)					
ELECTRICALS (1)					
ENGINEERING (1)					
INDUSTRIALS (25)					
MOTORIS (2)					
NEWSPAPERS (2)					
PROPERTY (20)					
SHIPPING (7)					
STORES (1)					
TEXTILES (1)					
TRUSTS (58)					
OVERSEAS (17)					
MINES (3)					

NEW LOWS (17)					
BUILDINGS (2)					
Coryford Williams McLaughlin &					
Hoy (Gorace)					
STORES (2)					
Boardman (K. O.) Northern					
Aurons Engineering Co.					
Smith Watson					
F.M.C.					
FOODS (1)					
Armour Trust					
Holtz Bros.					
Landeshut Insurance Wad & Son					
Morton & Co.					
INSURANCE (17)					
LEISURE (7)					
Black & Edgington					

RISES AND FALLS		
YESTERDAY		
	Up	Down
Artistic Films	83	3
Corpus, Dorn, and		
Foreign Bonds	25	1
Industrials	278	225
Financial & Propy.	181	74
Life	14	15
Maritimes	14	6
Mines	77	20

and the Faculty of Actuaries

FIXED INTEREST PRICE INDICES					FIXED INTEREST YIELDS British Govt. A. Gross Red.		Thur., July 17	Wed., July 16	Year ago (approx.)	
British Government	Thur., July 17	Day's change %	not adj. today	not adj. 1980 to date	1	Low Coupons	5 years.....	11.22	11.30	10.12
					2		15 years.....	11.19	11.27	10.55
					3		25 years.....	11.19	11.27	10.98
					4	Medium Coupons	5 years.....	12.60	12.68	12.22
					5		15 years.....	12.58	12.65	12.12
					6		25 years.....	12.55	12.60	12.02
Under 5 years.....	1106.71	+0.18	—	6.05	7	High Coupons	5 years.....	12.71	12.78	12.39
5-15 years.....	1115.13	+0.48	—	7.67	8		15 years.....	12.97	13.04	12.39
Over 15 years.....	1121.29	+0.40	—	7.51	9		25 years.....	12.91	12.95	12.39
Irredeemables.....	1134.61	+0.18	—	7.28	10	Irredeemable.....		10.92	10.94	10.50
All stocks.....	1114.05	+0.35	—	6.98						

[illegible]

Samuel Montagu Ltd. Agents
111, N. Broad St. E.C.4

Apollonia Fd. June 30	US\$25.10	24.58	1.32	Asia Int. Trust, July 9	US\$15.86	15.86	2.08
Japanex, June 30	US\$18.13	20.08	0.39	Asian Fd. July 9	US\$22.68	23.58	2.65
117 Crown June 30	US\$11.90	14.67	2.48	Chirco S July 16	11.72	11.72	2.37

**AUTHORISED
UNIT
TRUSTS**

Company	Assets	YTD %	1 Yr. %	3 Yr. %
Investment Trust (C)	35.9	39.8	+0.4	10.1
Investment Trust (S)	24.6	57.4	2.8	8.8
Investment Trust (M)	22.1	71.1	+0.1	2.2
Investment Trust (I)	22.1	23.9	+0.1	13.1
Investment Trust (B)	23.6	25.4	-0.3	4.4

Investment Fund Managers (g)
 1000, Princes St., Manchester, 061-236 5000

Company	Assets	YTD %	1 Yr. %	3 Yr. %
Investment Trust (C)	11.7	75.8	+0.2	3.1
Investment Trust (S)	10.4	21.1	+0.5	1.1
Investment Trust (M)	10.4	33.0	1.3	1.1

2-60, Gatehouse Rd., Aylesbury, 0296 2
 Equity Account 225.2 237.1 4

Local Authorities' Mutual Invest. Tr.
 7, London Wall, EC2N 1DB. 01-588 18

Prop. Fd. June 30	143.48	6
Ident. Fd. June 30	232.50	6
Lawyer Fd. June 30	76.60	12

Unauthorised. Available only in Local Authority

... exempt funds	186.2	196.6	...
... exempt income	284.7	300.5	...
... exempt int'l
Prices at July 9, Next sat. day July 23.			
... Securities	48.1	48.46	+0.1
... bonds	34.2	34.2	...
... city/ind	75.3	81.3	+6.0
... commodities

For Schlesinger Trust see
Britannia/Schlesinger

Ind. American	112	+0.2
Ind. Intl. Money	112	+0.2
En. Pens./Acc	119	+3.0
Prp. Pens./Acc	119	+3.0
Mgd. Pens./Acc	119	+1.6
Dep. Pens./Acc	119	+1.6
Gift Pens./Acc	119	+2.6
Am. Pens./Acc	119	+0.2
Intl. Money/Pens./Acc	119	+0.2
ESIF	119	+0.2
ESIF.2	119	+0.2

Current value July 16.

As Chip July 4	83.0	87.0	
As Chip Ser. II	107.7	113.4	
Unexp. Fund.	281.5	296.3	
Unexp. Fd. Ser. II	113.3	118.3	
Unexp. Man. Fd.	143.4	154.9	
Unexp. Mid. July	283.5	294.3	
Unexp. Mod. Fd. July	283.5	298.4	
Unexp. Mid. Grth. Ser. II	133.0	140.9	
ing & Sharson Ltd.			
Comhd. & Ec3.			01-623 54
and Fd. Exempt	1101.52	103.23	+050 -

possl	Fd. Cap.	49.3	52.0
possl	Fd. Acc.	55.7	58.7
utlty	Fd. Cap.	51.0	53.8
utlty	Fd. Acc.	56.5	59.6
Int. Cap.		51.8	54.6
Int. Acc.		56.8	59.8
Int. Cap.		52.8	40.9
Int. Acc.		41.9	44.2
Managed	Fd. Cap.	55.0	58.0
Managed	Fd. Acc.	55.1	58.1
Sparsity	Fd. Cap.	57.0	70.7
Sparsity	Fd. Acc.	73.2	76.1

Insurance Policy, £2000.			
Investment Fund, 118.0			
Other funds, please refer to The London			
Manchester Group.			
Windsor Life Assur. Co. Ltd.			
General Albert Hse., Sheet St., Windsor	68144		
Unit Units	83.6	87.9	
Comm. Pen. Units	120.9	77.1	
Inv. Growth	11.2	11.6	
Ass. And Growth	16.04	55.08	
Ass. Pen.	127.64		

Box 86, Guernsey	(481) 265-
Initial Reserve Fdt	111.88 1190.00
Fund	0.01 192.00
Special Sats. Fund	58.9 60.0
Int. Bond	155.66 110.27
Equity	5535.21 15.60
Svcs. A'SU/S	1.21 1.25
Svcs. B'	1.52 1.61
Prices on July 16 Next dealings July 23.	
Excludes initial charge on small orders.	

Continued on previous page

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Continued on previous page

FINANCE, LAND—Continued

**DAIWA
BANK**
Head Office: Osaka, Japan

MINES—Continued

[illegible]

Tins									
25	14	Amal Nigeria 1p	14	6.0	-	-	-	-

[illegible]

Copper

Miscellaneous									
782	Argo Mines	55	+1.5						
80	Berylin	150							
97	Gama Mines 10p	150							
12	Gama Mines 10p	142		0.62					
02	Cons. March 10c	300		0.00		1.8	1.9		
02	Wheatstone 10c	106							
05	Hydrotech CSJ	367		10					
85	R.T.Z.	467	+7	15.0		3.2	4		
33	Robert Mines	27							
36	Sabina Ind. CSJ	242							
51	TSWCM 10c	45	-1						
90	TSWCM 10c	435							
411	Tra Expt. SJ	435							

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covered ratios are calculated from annual reports and accounts but, where possible, are calculated on half-yearly figures. P/E's are calculated on profit attributable basic, earnings per share being computed on profit after taxation and unrelated ACR (where applicable); backdated figures are used where necessary. Dividend cover is calculated as ACR divided by P/E. Dividends are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses; had included estimated credit at offsettable ACR. Yields are based on public price, are gross, adjusted to ACR and 10 per cent will allow for value of declared distribution and rights.

Price Stick.
Prices are marked that have been adjusted to allow for rights issues for cash.
Interim since increased or resumed.
Interim face reduced, paused or deferred.
Interim to non-recipients on application.
Planned or reported suspension.
Unlisted security.
Price at time of suspension.

relates to previous dividends or forecasts.
Merger bid or reorganisation in progress.

[illegible]

abbreviations: xl ex dividend; xs ex scrip issue; x' ex rights; xs ex
x' ex capital distribution

[illegible]

3-month Call Rates

[illegible]

"Parent Issues" and "Blatt" Page 20

Service is available to every Company dealt in on Stock
exchanges throughout the United Kingdom for a fee of £500
per annum for each security

[illegible]

Law	Stock	Price	%	Net	CW	TV
29	...	36
30	...	33
31	...	280
32	...	23
33	...	310
34	...	33
35	...	280
36	...	215
37	...	240
38	...	240
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[illegible]

1990	Low	High	Stock	Price	+/-	%	Vol.	EW	BY	HC
94	172	172	British Assets	94	+	63.4	1	5.2	28	5.2
95	172	172	Brit. Exp. Sec. 100	94	+	63.4	1	5.2	28	5.2
96	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
97	172	172	Brit. Inv. Sec. 100	94	+	63.4	1	5.2	28	5.2
98	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
99	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
100	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
101	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
102	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
103	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
104	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
105	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
106	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
107	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
108	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
109	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
110	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
111	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
112	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
113	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
114	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
115	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
116	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
117	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
118	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
119	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
120	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
121	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
122	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
123	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
124	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
125	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
126	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
127	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
128	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
129	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
130	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
131	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
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136	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
137	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
138	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
139	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
140	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
141	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
142	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
143	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
144	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
145	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
146	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
147	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
148	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
149	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
150	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
151	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
152	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
153	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
154	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
155	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
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157	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
158	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
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165	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
166	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
167	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
168	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
169	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
170	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
171	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
172	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
173	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
174	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
175	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
176	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
177	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
178	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
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182	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
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184	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
185	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
186	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
187	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
188	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
189	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
190	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
191	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
192	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
193	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
194	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
195	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
196	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
197	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
198	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
199	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2
200	172	172	Brit. Gov. Sec. 100	94	+	63.4	1	5.2	28	5.2

Finance, Land, etc.										
204	172	172	Alroy Smith	344	+	20.0	3.6	8.3	4.7	
205	172	172	Auth. Farming	100	+	11.67	1.7	3.3	11.8	
206	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
207	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
208	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
209	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
210	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
211	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
212	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
213	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
214	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
215	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
216	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
217	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
218	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
219	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
220	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
221	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
222	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
223	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
224	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
225	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
226	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
227	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
228	172	172	Auth. Inv. 200	100	+	11.67	1.7	3.3	11.8	
229	172	172	Auth. Inv. 200</							

[illegible]

INSURANCE

Bowering (C. T.)	178	—	+6.0	3.0	4.9	9.8
Breastall Bd. 10p	9	—	—	—	—	—
Britannic Sp	234	—	11.9	—	7.3	—
Combined Int. \$1	441	+22	551.40	—	7.5	—
Conserv. Union	199	-2	9.8	—	8.8	—
Eagle Star	230	+2	9.0	—	5.6	—

City Offices	90	-1	5.0	1.3	4.8	72.9
Clarke Nickolls	123	-3	3.5	2.9	4.1	12.0

Control Secs. 10p	45	+1	21	17	6.71	10p
ann Exchngs 10p	47	+2	M0.63	1.4	1.9	52.8
etry New L 10p	54	+2	0.75	2.9	2.0	18.0
ny Ind. 30p	210	+1	M1.17	2.8	0.8	19.4
ny Jan (Hops)	158	+1	3.5	3	3.2	4
ny Res Estates 10p	22	+1	1.13	21	7.3	(7.5)
ny Warrington 10p	102	+6	4.0	4	5.6	4

Barb. & Ind. Corp.	207	3.30	11	4.50
Barbers' Inv.	7 1/2	+1 1/2	H3.54	6 7.1
Berry Trust	2 1/4	+1	1.28	1 1.6

Shopsgate Proo	5	4		
Shopsgate Tst	228	50.5	1.2	5.3
Berlin & Sain Idp.	73	112.2	2.1	4.3
Brazil P.A. S.A. CR	US\$6	0.144%		5.6
Brazil Inv. CR	\$78	0.55.21	3.0	6.7
Brennar Tst	35	1.95	0	8.0
Brit. Am. & Gen	47	52.12	1.2	6.5

19	Latent Hds. Mfg.	22	1.0	2.2	6.5	(8.1)
24	Lat. Euro. Grp.	28	-1	1.35	3.7	6.9 5.6

74	London Ins. Sp.	28	+2	507	2.5	3.6	16.1
138	Lon. Merchant	142	-1	11.0	3.9	1.0	27.3
70	Do. Defd.	112					
132	M. & G. Hides. Sp	132		22.0	5.3	-	12.6
68	Marine Ins. 10p	76		1.5	1.5	2.8	33.7
30	Martin (R.P.) Sp	44		3.0	1.0	9.7	34.1
140	Mercantile Hse.	276	+1	12.5	4	6.5	4

Central African

205	Coronation	310	-5	1054c	2.2	10.0
520	Falcon Rn.50c	700	-10	10100c	1.7	9.8
29	Roth'n Corp. 16 1/2c	35		0.56	8.5	2.3
140	Roan Cons. N.Y.	160		00.3	11.0	
43	Wanlike Col. Rn.1	50		109c	1.5	12.4
25	Zam.Cpr.5800.24	29		—	—	—

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Service is available to every Company dealt in on Stock
Exchanges throughout the United Kingdom for a fee of £500
per annum for each security

